

ONONDAGA TOBACCO ASSET SECURITIZATION CORPORATION
MISSION STATEMENT

AS OF MAY 24, 2010

I. BACKGROUND:

Pursuant to Chapter 506 of the Laws of 2009, known as the Public Authorities Reform Act of 2009 ("PARA"), which added a new Section 2824-a in Public Authorities Law ("PAL") state and local public authorities are required to develop and adopt a mission statement and related performance measures to assist the authority determine how well it is carrying out its mission. For local authorities, as defined within PAL Section 2, this Mission Statement and the related Performance Measures are to be filed with the New York State Authority Budget Office ("ABO") by March 31, 2011.

Pursuant to a Certificate of Incorporation filed on the 3rd day of July, 2001 (the "Certificate"), the Onondaga Tobacco Asset Securitization Corporation (hereinafter, the "Corporation") was established by the County of Onondaga (the "County") as a domestic, not-for-profit local development corporation pursuant to Not-for-Profit Corporation Law ("N-PCL") Section 1411. The Corporation constitutes a "local authority" pursuant to PAL Section 2 and therefore is subject to the transparency, compliance and reporting requirements established pursuant to PARA and the Public Authorities Accountability Act of 2005 ("PAAA").

Pursuant to the Certificate and the Corporation's By-laws, the Corporation was established by the County as a single-purpose entity in connection with the County's securitization of revenues under a certain Master Settlement Agreement ("MSA"), dated as of November 23, 1998 and entered into by and among the attorneys general of 46 states (including New York), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Commonwealth of the Northern Mariana Islands (collectively, the "Settling States") and the four largest United States tobacco manufacturers: Philip Morris Incorporated ("Philip Morris"), R.J. Reynolds Tobacco Company ("Reynolds Tobacco"), Brown & Williamson Tobacco Corporation ("B&W") and Lorillard Tobacco Company ("Lorillard") (collectively, the "original Participating Manufacturers" or "OPMS"). In furtherance of securitizing revenues due the County under the MSA, the County established the Corporation and pledged revenues due under the MSA for securitization purposes. Thereafter, the Corporation participated in certain pooled bond financings, including New York Counties Tobacco Trust II and New York Counties Tobacco Trust V.

II. CORPORATION MISSION STATEMENT

The Corporation was established by the County as a single-purpose financing vehicle to maximize revenues available to the County under the MSA, with the resulting public purpose of benefiting the taxpayers of the County through current and future budget relief and revenue maximization. This public purpose and mission has been accomplished by the Corporation through participation in New York Counties Tobacco Trust II and New York Counties Tobacco Trust V. The Corporation's continuing public purpose and mission is to satisfy its obligations

under Trust Indentures associated with New York Counties Tobacco Trust II and New York Counties Tobacco Trust V and from time to time assess additional MSA revenue securitization opportunities. Additional Corporation purposes and mission include compliance with applicable provisions of PAAA and PARA, along with periodic reporting and audit responsibilities associated with New York Counties Tobacco Trust II and New York Counties Tobacco Trust V.

The Corporation's Sole member is the County Executive. Pursuant to the Corporation's By-laws, the Corporation shall be managed by a Board of Directors, two of which shall be appointed by the County Executive, two of which shall be appointed by the affirmative voice of the majority of the whole number of the County Legislature and one of which shall be an Independent Director. The Corporation is managed by Officers appointed by the Board of Directors, including President, Vice President, Treasurer and Secretary. The Corporation's stakeholders are therefore the County itself, acting by and through the County Legislature and the County Executive, who in their respective elected and appointed capacities serve the citizens and taxpayers of the County.

The Corporation's goals include continued compliance with current obligations and responsibilities associated with its participation in New York Counties Tobacco Trust II and New York Counties Tobacco Trust V. In addition, the Corporation's goals further include collaborative review with the County of future MSA revenue maximization opportunities. In furtherance of these stated goals, the Corporation will endeavor to comply with all applicable provisions of PAAA and PARA. With these stated goals established, the Corporation's values are to maintain the highest ethical standards applicable to the Corporation in furtherance of the Corporation's purposes and powers, as set forth within the Certificate.

III. ANNUAL PERFORMANCE REVIEW MEASURES

The Corporation shall annually review this Mission Statement and identify whether the Corporation (i) continues to meet its stated mission, goals and values; (ii) can quantify measures of improvement to better meet its stated mission, goals and values; (iii) can become more effective and efficient; and (iv) is meeting the interests of the Corporation's stakeholders.

In furtherance of the foregoing Performance Measures, the Corporation shall further undertake the following annual measures:

- 1) Assure that all current Corporation Board members have acknowledged that they have read and understood the mission of the Corporation;
- 2) An annual review and affirmation of the Corporation's membership and board structure;
- 3) An annual review and affirmation of policies regarding Board appointment of Management of the Corporation, along with articulation of the respective roles of each.

ONONDAGA TOBACCO ASSET SECURITIZATION CORPORATION

INVESTMENT AND DEPOSIT

POLICY AND PROCEDURES

Introduction

Onondaga Tobacco Asset Securitization Corporation ("OTASC") hereby adopts the following policy and procedures as it pertains to investment and deposit of OTASC funds.

Scope

This investment and deposit policy applies to all OTASC moneys and other financial resources available for investment on its own behalf or on behalf of any other entity when acting as agent for that other entity.

Objectives

The objectives of OTASC's Investment and Deposit Policy and Procedures are four fold:

- To conform with all applicable federal, state and other legal requirements;
- To adequately safeguard the principal amount of funds invested or deposited;
- To provide sufficient liquidity of invested funds in order to meet obligations as they become due; and
- To obtain a rate of return commensurate with market conditions.

Authorization

The authority to deposit and invest funds is delegated to the Treasurer of OTASC.

The Treasurer of OTASC may establish written procedures which shall provide adequate internal controls to ensure a satisfactory level of accountability regarding the management of OTASC funds.

Ethical Activity

All participants in the investment and deposit process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that places OTASC funds at unreasonable risk.

All participants involved in the investment and depository process shall refrain from personal business activity that could conflict with proper execution of the deposit and investment program.

Diversification

It is the policy of OTASC to diversify its deposits and investments by financial institutions, by investment instrument, and by maturity scheduling.

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a third party bank, trust company or trust department of the bank subject to security and collateral agreements at the discretion of the OTASC.

The security and custodial agreements shall provide that securities held by the bank or trust company or agent of and custodian for, the OTASC, will be kept separate and apart from the general assets of the custodial bank or trust company.

The security and collateral agreement shall provide that eligible securities are being pledged to secure OTASC deposits and investments together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

Permitted Investments

As authorized by General Municipal Law, Section 11, OTASC authorizes the Treasurer of OTASC to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in 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 Deposits;
- 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;
- Obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of State Comptroller) by any municipality, school district or district corporation other than County of Onondaga; and
- Reserves under the Indenture shall be invested in obligations of the United States, obligations guaranteed by the United States or as recommended by the Chief Fiscal Officer of Onondaga County, consistent with the Onondaga County Investment Policy.

ONONDAGA TOBACCO ASSET SECURITIZATION CORPORATION

DISPOSITION OF PROPERTY GUIDELINES ADOPTED PURSUANT TO SECTION 2896 OF THE PUBLIC AUTHORITIES LAW

Please Note: This is a special purpose local development corporation whereby its activities are strictly limited to: (i) acquiring the tobacco assets from the host County, (ii) issuing bonds, the net proceeds of which are paid to the host County for the tobacco assets, and (iii) remaining in existence during the term of the bonds and providing the annual reports to bondholders. Therefore, to the extent disposition of property is applicable, if any, the following guidelines will control such disposition.

SECTION 1. DEFINITIONS

A. "Contracting officer" shall mean the officer or employee of the Onondaga Tobacco Asset Securitization Corporation (hereinafter, the "Corporation") who shall be appointed by resolution to be responsible for the disposition of property.

B. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal or real property in accordance with Section 2897 of the Public Authorities Law.

C. "Property" shall mean personal property in excess of five thousand dollars (\$5,000) in value, and real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

SECTION 2. DUTIES

A. The Corporation shall:

(i) maintain adequate inventory controls and accountability systems for all property owned by the Corporation and under its control;

(ii) periodically inventory such property to determine which property shall be disposed of;

(iii) produce a written report of such property in accordance with subsection B herewith; and

(iv) transfer or dispose of such property as promptly and practicably as possible in accordance with Section 3 below.

B. The Corporation shall

(i) publish, not less frequently than annually, a report listing all real property owned in fee by the Corporation. Such report shall consist of a list and full description of all real and personal property disposed of during such period. The report shall contain the price received by the Corporation and the name of the purchaser for all such property sold by the Corporation during such period; and

(ii) shall deliver copies of such report to the Comptroller of the State of New York, the Director of the Budget of State of New York, the Commissioner of the New York State Office of General Services, and the New York State Legislature (via distribution to the majority leader of the senate and the speaker of the assembly).

SECTION 3. TRANSFER OR DISPOSITION OF PROPERTY

A. Supervision and Direction. Except as otherwise provided herein, the duly appointed contracting officer (the "Contracting Officer") shall have supervision and direction over the disposition and sale of property of the Corporation. The Corporation shall have the right to dispose of its property for any valid corporate purpose.

B. Custody and Control. The custody and control of Corporation property, pending its disposition, and the disposal of such property, shall be performed by the Corporation or by the Commissioner of General Services when so authorized under this section.

C. Method of Disposition. Unless otherwise permitted, the Corporation shall dispose of property for not less than its fair market value by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Corporation and/or contracting officer deems proper. The Corporation may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this section. Provided, however, no disposition of real property, any interest in real property, shall be made unless an appraisal of the value of such property has been made by an independent appraiser and included in the record of the transaction and provided further, that no disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

D. Sales by the Commissioner of General Services (the "Commissioner"). When the Corporation shall have deemed that transfer of property by the Commissioner will be advantageous to the State of New York, the Corporation may enter into an agreement with the Commissioner of pursuant to which Commissioner may dispose of property of the Corporation under terms and conditions agreed to by the Corporation and the Commissioner. In disposing of any such property, the Commissioner shall be bound by the terms hereof and references to the contracting officer shall be deemed to refer to such Commissioner.

E. Validity of Deed, Bill of Sale, Lease, or Other Instrument. A deed, bill of sale, lease, or other instrument executed by or on behalf of the Corporation, purporting to transfer title or any other interest in property of the Corporation in accordance herewith shall be conclusive evidence of compliance with the provisions of these guidelines and all applicable law insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of such compliance prior to the closing.

F. Bids for Disposal; Advertising; Procedure; Disposal by Negotiation; Explanatory Statement.

(i) Except as permitted by all applicable law, all disposals or contracts for disposal of property made or authorized by the Corporation shall be made after publicly advertising for bids except as provided in subsection (iii) of this Section F.

(ii) Whenever public advertising for bids is required under subsection (i) of this Section F:

(A) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property proposed for disposition;

(B) all bids shall be publicly disclosed at the time and place stated in the advertisement; and

(C) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Corporation, price and other factors considered; provided, that all bids may be rejected at the Corporation's discretion.

(iii) Disposals and contracts for disposal of property may be negotiated or made by public auction without regard to subsections (i) and (ii) of this Section F but subject to obtaining such competition as is feasible under the circumstances, if:

(A) the personal property involved qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of under subsections (i) and (ii) of this Section F, would adversely affect the state or local market for such

property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;

(B) the fair market value of the property does not exceed fifteen thousand dollars;

(C) bid prices after advertising therefore are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;

(D) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;

(E) under those circumstances permitted by subsection (v) below; or

(F) such action is otherwise authorized by law.

(iv) (A) An explanatory statement shall be prepared of the circumstances of each disposal by negotiation of:

(1) any personal property which has an estimated fair market value in excess of fifteen thousand dollars;

(2) any real property that has an estimated fair market value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to clauses (3) through (5) of this subparagraph;

(3) any real property disposed of by lease, if the estimated annual rent over the term of the lease is in excess of \$15,000; or

(4) any real property or real and related personal property disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

(B) Each such statement shall be transmitted to the persons entitled to receive copies of the report required under all applicable law not less than ninety (90) days in advance of such disposal (namely the New York Office of the Comptroller, the New York State Director of the Budget, the Commissioner of the New York State Department of General Services, and the New York State Legislature via distribution to the majority leader of the senate and the speaker of the assembly), and a copy

thereof shall be preserved in the files of the Corporation making such disposal.

(v) Disposal of Property for less than Fair Market Value ("FMV").

(A) No assets owned, leased or otherwise in the control of the Authority may be sold, leased, or otherwise alienated for less than its FMV except if:

(1) Transferee is a government or public entity and terms of transfer require ownership and use to remain with the government or public entity; or

(2) Purpose of transfer is within purpose, mission or statute of the authority; or

(3) Written notification to Governor, Speaker, and Temporary President. Such notification is subject to denial. Denial by Governor is in the form of a certification. Denial by legislature is in the form of a resolution. Denial must be made within 60 days of receiving notification during January through June. Provided no denial then authority may effectuate transfer. If legislature receives the notification in July through December, then legislature may take 60 days from January 1 of the following year. However, a local may obtain local approval from the chief executive and legislature of the political subdivision in lieu of the notification to the Governor, Speaker and Temporary President provided the local authority's enabling legislation provides for such approval and the property was obtained by the authority from the political subdivision.

(B) If below FMV transfer is proposed, the following information is required to be provided to the authority's board and the public:

(1) Description of Asset;

(2) Appraisal of the FMV of the asset;

(3) Description of purpose of transfer, the kind and amount of the benefit to the public resulting from the transfer such as jobs and wages created or preserved;

(4) Value received compared to FMV;

(5) Names of private parties to the transaction and value received;

(6) Names of private parties that have made an offer, the value of offer, and purpose for which the asset would have been used.