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LOCAL LAW NO. 8 - 2001

A LOCAL LAW IN RELATION TO THE SALE BY ONONDAGA COUNTY OF ITS RIGHTS TO RECEIVE PAYMENTS EXPECTED TO BECOME DUE UNDER THE MASTER SETTLEMENT AGREEMENT AND THE RELATED CONSENT DECREE AND FINAL JUDGMENT WITH VARIOUS TOBACCO COMPANIES

BE IT ENACTED BY THE LEGISLATURE OF THE COUNTY OF ONONDAGA AS FOLLOWS:

Section 1. Legislative Intent

The Legislature hereby finds that:

A. The County of Onondaga is entitled to receive payments under the Master Settlement Agreement (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. Phillip Morris Incorporated, et. al. (Index No. 400361/97); and

B. In order to secure to present generations a portion of the benefits intended to be conferred by the MSA and the Decree it is necessary or desirable for the County to sell all or a portion of its rights, title and interest in, to and under the Decree and in and to the moneys payable to the County under the MSA and the Decree (all such rights, title and interest hereinafter collectively referred to as the "Tobacco Settlement Revenues") to a local development corporation to be created by the County pursuant to the Not-For-Profit Corporation Law of the State of New York.

Section 2. Authorization to take all actions necessary to effect sales and to benefit from the consideration to be received from such sales.

The County is hereby authorized to sell to the said local development corporation, and to take any and all actions necessary or desirable to effect one or more sales to the said local development corporation of, the County's rights, title and interest in and to all or a portion of the Tobacco Settlement Revenues and to take any and all actions necessary or desirable to enable the County to benefit from the consideration to be received from any such sale. The County Executive or his designee(s) may approve the terms and conditions of any such transaction and the form and substance of any agreement of sale or other document necessary or desirable to effect any such transaction including the power to execute and deliver any such agreement or other document as may be approved by the person executing the same and to take any and all other actions necessary or desirable to enter into, facilitate or consummate such transaction, including agreeing to pay certain fees and expenses which will be payable regardless of whether or not such transaction is consummated. The County shall use approximately $4,000,000 of the initial proceeds to be received from said corporation from such sale to finance certain capital projects and the remaining initial proceeds to finance the defeasance of County obligations. It is the intent of this local law that a sale by the County of Tobacco Settlement Revenues to the said local development corporation is, and it is hereby deemed to be, a true sale and not a borrowing.

Section 3. Local Development Corporation.

The County Executive or his designee(s) is hereby authorized to take all actions necessary to create a corporation pursuant to the New York Not-For-Profit Corporation Law § 1411 (hereinafter, the "Corporation"). The Corporation shall be managed by a five-member Board of Directors, one of whom will be an Independent Director (as hereinafter defined). Two Directors will be unilaterally appointed by the County Executive, two Directors will be appointed by an affirmative vote of the majority of the whole number of the Onondaga County Legislature, and the Independent Director will be appointed by the County Executive, subject to confirmation by an affirmative vote of the majority of the whole number of the Onondaga County Legislature.

The Independent Director must be a person who is not, and has not been for a period of five years prior to his or her appointment as the Independent Director, (i) a creditor, customer, supplier, advisor or other person who derives any of its revenues from its activities with the County or its affiliated entities (the County and its affiliated entities other than the Corporation being referred to in this Local Law as the "County Group"); (ii) an official, member, stockholder, director, officer, employee, agent or affiliate of the County Group (a "Principal"); (iii) a person related to any person referred to in clause (i) or (ii); (iv) any person who receives compensation for administrative, legal, accounting or

other professional services from the County Group or a Principal; or (v) a trustee, conservator or receiver for any member of the County Group.

The Corporation shall be granted all powers as may be deemed necessary by the County Executive or his designee(s), which powers shall include, but not be limited to, the power to purchase from the County its right, title and interest in and to all or a portion of the Tobacco Settlement Revenues, to issue bonds, notes and other evidence of indebtedness and other securities and to incur other obligations, to create and transfer assets of the Corporation to a trust or other entity, and to take all other actions as may be necessary in connection therewith.

It is the specific intention of the Legislature that the purpose and scope of the Corporation be limited to the transactions contemplated by this local law including the purchase of Tobacco Settlement Revenues from the County, the financing of any such purchase and related transactions.

Section 4. Covenant and Agreement

The County is hereby authorized to covenant and agree with the Corporation in a transaction contemplated by this local law for the benefit of the Corporation and the holders from time to time of any bonds, notes or other obligations or other securities (hereinafter collectively, the "Securities") issued by the Corporation that the County will not limit or alter the rights of the Corporation to fulfill the terms of its agreements with the holders of the Securities or in any way impair the rights and remedies of such holders or the security for the Securities until the Securities, together with the interest due thereon or payable in respect thereof and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The County Executive or his designee(s) is granted the power to make such a covenant to and agreement with the Corporation and to take any and all actions necessary or desirable to cause such covenant and agreement to be made or enforced. The Corporation is hereby authorized to assign to or for the benefit of the holders of its Securities any covenant or agreement made by the County pursuant to this Section.

Section 5. This local law takes effect upon filing in the office of the Secretary of State as provided by Section 27 of the Municipal Home Rule Law.

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ADOPTED

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