

Washington Tobacco Asset Securitization Corporation

2019 Annual Report

Index

- I. Introduction, Mission Statement Summary & Measurement Report
- II. Operations and Accomplishments
- III. Schedule of Debt
- IV. Investment Report
- V. Procurement Transactions
- VI. Property Transactions
- VII. Code of Ethics Statement
- VIII. Financial Statements & Assessment of Internal Controls

- EXHIBIT A –ANNUAL CERTIFICATION

I. Introduction, Mission Statement Summary & Measurement Report

Washington Tobacco Asset Securitization Corporation (WTASC) is a bankruptcy-remote Local Development Corporation. WTASC was created in July 2001 under Section 1411 of the New York Not-for-Profit Corporation Law. The organization was formed to raise funds by issuing bonds, use those funds to acquire rights to future proceeds from the settlement agreement with various tobacco companies payable to Washington County and remain in existence during the term of the bonds to collect the tobacco settlement proceeds and service the debt. The organization is an instrumentality of, but separate and apart from Washington County, New York.

This report is being submitted in compliance with the Public Authorities Accountability Act of 2005 (Chapter 776 of the Laws of 2005). It is not intended to be a substitute for or to replace the Washington County Tobacco Asset Securitization Corporation's (herein referred to as either "Washington TASC" or the "Corporation") financial statements prepared for the year ending December 31, 2019.

MISSION STATEMENT SUMMARY

The Corporation was established by the County as a single-purpose financing vehicle to maximize revenues available to the County under the Master Settlement Agreement (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 have been accomplished by the Corporation through participation in New York Counties Tobacco Trust I and New York Counties Tobacco Trust IV and from time to time additional MSA revenue securitization opportunities. Additionally, the Corporation's purpose and mission includes compliance with applicable provisions of PAAA and PARA, along with periodic reporting and audit responsibilities associated with New York Counties Tobacco Trust I and New York Tobacco Trust IV.

MISSION STATEMENT MEASUREMENT REPORT

The performance goals of the Washington TASC Mission Statement are as follows:

- 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

The Washington TASC annual board meeting was held [REDACTED]; the Mission Statement and Performance Measures were reviewed by the Board in order to ensure that all corporation board members understand the board mission. A resolution was presented for approval indicating no changes were to be made to the Mission Statement and Performance Measures. The Corporation also reviewed the membership and board structure as well as the appointment and roles of management. Details are in the meeting minutes and resolutions.

II. Operations and Accomplishments:

The Corporation received sufficient Tobacco Settlement Revenues (TSR's) to make a principal payment of \$70,000 and an interest payment of \$605,860 in 2019.

The Corporation's total revenues and expenditures for December 31, 2019, which were reported in its 2019 financial statements, are as follows:

Revenues	724,669
Expenses	629,130
Net	95,539

The Corporation's assets and liabilities for December 31, 2019, which were reported in its 2019 financial statements, are as follows:

Assets & Deferred Outflow	22,640,798
Liabilities & Deferred Inflow	33,792,110
Net (Deficit)	<11,151,312>

Projects Undertaken

No projects were undertaken by the Corporation during 2019.

III. Schedule of Debt

In December 2000, WTASC issued \$11,160,000 in serial and term bonds for the purpose of funding the building of the Washington County Law Enforcement Center. These bonds would have been paid off with receipts from the New York Tobacco Settlement Agreement. On August 25, 2005, WTASC issued \$14,690,000 in bonds to refund the balance of the 2000 bonds.

The interest rates for the term bonds issued in 2005 vary from 4.25% to 5%. The total debt service has been projected assuming that the tobacco settlement revenues will be at a level that allows the flexible amortization term bonds to be repaid by June 1, 2045.

The bonds payable of the Corporation for the year ending December 31, 2019, are reported in the 2019 financial statements. A summary of the future debt maturities using an average bond interest rate of 4.625% follows:

Year(s)	Term Bonds	Interest	Total Debt Service
2020	250,000	631,263	881,263
2021	265,000	620,319	885,319
2022	275,000	608,156	883,156
2023	295,000	594,619	889,619
2024	300,000	580,488	880,488
2025-2029	1,765,000	2,661,469	4,426,469
2030-2034	2,265,000	2,161,875	4,426,875
2035-2039	2,905,000	1,518,875	4,423,875
2040-2044	3,725,000	693,125	4,418,125
2045	110,000	21,000	131,000
	\$12,155,000	\$10,091,189	\$22,246,189

WTASC has pledged, as security for the above bonds, its future tobacco settlement revenues pursuant to the New York State Tobacco Settlement Agreement. The principal and interest paid in 2019 were \$70,000 and \$605,860 respectively.

DIRECTOR COMPENSATION

It is allowable by the By-Laws to reimburse Directors for reasonable expenses incurred in the performance of corporate duties and/or to compensate the Independent Director for his/her services in an amount fixed from time to time as voted on the by the majority of the Board of Directors other than the Independent Director. No other salary or compensation was paid to any other director during 2019.

IV. Investment Report

Investments held by the Corporation are reported at fair value. The Corporation's trustee holds investments for the funds included in the financial statements. The Corporation invests in authorized investments as described in the bond resolution such as commercial paper or financial company paper, special time deposit accounts, certificates of deposit and obligations of the United State of America. All investments are insured, registered, or held by the Corporation's trustee in the Corporation's name. As of December 31, 2019, investments, stated at fair value consist of the following:

Cash, Checking	18,786
Cash, Bonds	127,443
Cash, Restricted	907,832
Total	1,054,061

Tobacco proceeds are held in trust by Wilmington Trust N.A. affiliate of M&T Banking Corporation on behalf of the Corporation. Proceeds are invested in highly liquid, interest bearing securities, and perform the transfer of any debt obligations upon the instruction of Bond Logistix, the administrator retained by the Corporation. This segment of the Annual Report is intended to suffice as the Annual Investment Report.

V. Procurement Transactions:

Professional Services	
Administrative / Legal Fees	4,500
Audit Services	7,275
Bond / Other Fees	3,727
Trustee	2,750
Independent Director	100
Bookkeeping Services (Treasurer)	575
Directors & Officers Insurance	4,343
Payments to Washington County	0
Total General Government Support	\$ 23,270

VI. Property Transactions

The Corporation did not acquire or dispose of any real or personal property during 2019. The Corporation does not currently own any real property; accordingly, no separate report was prepared.

VII. Code of Ethics Statement

The Corporation Code of Ethics as adopted and approved by the Board of Directors is as follows:

No director, officer, or employee of the Corporation shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him to disclose confidential information which he or she has gained by reason of his or her official position of authority; (3) disclosed confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agency of the Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position, or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her which will otherwise create substantial conflict between his or her duties in the public interest and his or her private matters; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

VIII. Financial Statements & Assessment of Internal Controls

The financial statements for WTASC for the year ended December 31, 2019, are the responsibility of management. The financial statements were prepared in accordance with auditing standards generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

The Corporation has an established internal control structure. The objectives on an internal control structure are to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization of the recoding of transactions and reliability of financial records for preparing financial statements.

For the year ending December 31, 2019, management has documented and assessed the internal control structure and procedures of the WTASC; this assessment found the authority's internal controls to be adequate.

The Corporation reports that there was no material pending litigation in which the entity was involved during 2019.