

**NASSAU COUNTY TOBACCO SETTLEMENT
CORPORATION**

2014 ANNUAL REPORT

NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION

Dear Governor Cuomo and Distinguished Leaders,

I am pleased to present the 2014 Annual Report of the Nassau County Tobacco Settlement Corporation (the "Corporation") in accordance with Section 2800(2)(a) of the New York State (the "State") Public Authorities Law (the "PAL"). As required by the PAL, a description of the Corporation's operations and accomplishments in 2014 is set forth below. Additional information required by the PAL is included in accompanying appendices.

Operations and Accomplishments

On November 23, 1999, the Corporation, a local development corporation organized under the Not-For-Profit Corporation Law of the State, issued \$294,500,000 of its Tobacco Settlement Asset-Backed Bonds, Series A (the "1999 Tobacco Bonds") to finance its purchase pursuant to a Purchase and Sale Agreement (the "Sale Agreement") of all of the County of Nassau's (the "County") future right, title and interest under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), the State, forty-five other states, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa and the Northern Marianas Islands (the "Settling States") **in November 1998 in settlement of** certain smoking-related litigation, and the Consent Decree and Final Judgment entered in State Supreme Court for New York County (the "Consent Decree"), including the right to receive certain initial and annual payments (the "tobacco settlement revenues" or "TSRs") to be made by the PMs under the MSA. The 1999 Tobacco Bonds were not a debt or liability of the County and were secured primarily by the TSRs to be received by the Corporation by virtue of the Sale Agreement.

Pursuant to the Sale Agreement, the County received \$247,500,000 from the Corporation **on November 23, 1999 (the "1999 Sale Proceeds")**, as partial consideration of the sale of its interests under the MSA and the Consent Decree, the balance of such consideration being received in the form of a 100% beneficial interest in a residual trust (the "Residual Trust") in the TSRs that were not required to pay various expenses, debt service or required reserves for the 1999 Tobacco Bonds or subsequent Corporation bonds.

On April 5, 2006, the Corporation issued \$431,034,245.85 of its Tobacco Settlement Asset-Backed Bonds, Series 2006 (the "2006 Tobacco Bonds") a portion of the proceeds of which were used to defease the 1999 Tobacco Bonds and to generate approximately \$119.9 million in proceeds for the County from its beneficial interest in the Residual Trust. TSRs received by the County from April 5, 2006 through March 31, 2008 were not pledged to the holders of the 2006 Tobacco Bonds. The County has appropriated and is expected to continue to appropriate such 2006 Tobacco Bond proceeds to finance various capital projects or designated operating expenses of the County or the Nassau Health Care Corporation. The 2006 Tobacco Bonds are not a debt or liability of the County and are secured primarily by the TSRs pledged to and to be received by the Corporation.

The Corporation has no employees and has not issued debt subsequent to the 2006 Tobacco Bonds. Consequently, it had limited activity during 2014, consisting primarily of receiving TSRs and making debt service and related payments as required in connection with the 2006 Tobacco Bonds.

The board of directors of the Corporation is composed of three members (at least one of which must meet certain requirements of independence): (i) one appointed by a majority vote of the Nassau County Legislature, (ii) one who must be the Nassau County Treasurer, ex officio, and (iii) one selected by (i) and (ii). The current members of the board of directors are Daniel J. McCloy and Nassau County Treasurer Beaumont A. Jefferson. There is one vacancy on the board.

May 6, 2015

Respectfully submitted,

Beaumont A. Jefferson
President
Nassau County Tobacco Settlement
Corporation

C: Hon. Edward P. Mangano
Hon. Norma L. Gonsalves

Attachments

List of Appendices

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Appendix 1

Financial Reports

Delivered separately are the Corporation's audited financial statements and independent auditors' report, for the 2014 fiscal year.

Appendix 2

Mission Statement and Measurements

Authority Mission Statement and Performance Measurements

Name of Public Authority : Nassau County Tobacco Settlement Corporation (the "Corporation")

Public Authority's Mission Statement :

The mission of the Corporation, as a local development corporation organized under the Not-For-Profit Corporation Law of the State, was to issue bonds, and is to issue refunding bonds as may be advisable, to finance or refinance its purchase pursuant to a Purchase and Sale Agreement (the "Sale Agreement") of all of the County of Nassau's (the "County") future right, title and interest under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), the State, forty-five other states, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa and the Northern Marianas Islands (the "Settling States") in November 1998 in settlement of certain smoking-related litigation, and the Consent Decree and Final Judgment entered in State Supreme Court for New York County (the "Consent Decree"), including the right to receive certain initial and annual payments (the "tobacco settlement revenues" or "TSRs") to be made by the PMs under the MSA.

Date Adopted : March 8, 2013

List of Performance Goals (If additional space is needed, please attach) :

- Timely payment of all debt service and related amounts in connection with obligations of the Corporation
- Timely refinancing of its outstanding bonds as may be advisable

Additional questions :

1. Have the board members acknowledged that they have read and understood the mission of the public authority?

Yes.

2. Who has the power to appoint the management of the public authority?

Pursuant to the certificate of incorporation of the Corporation, the board of directors comprises three members: (i) one appointed by a majority vote of the Nassau County Legislature, (ii) one who must be the Nassau County Treasurer ex officio and (iii) one selected by (i) and (ii). Pursuant to the by-laws of the Corporation, the officers of the Corporation shall consist of a Chairman, President, Vice President, Treasurer and

Secretary and such other officers as the board of directors may in its discretion determine, all elected by the board of directors.

3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?

The board of directors elects officers in accordance with the by-laws of the Corporation.

4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

According to its certificate of incorporation, the board of directors manages the Corporation and is therefore responsible for fulfilling its mission. Pursuant to the by-laws of the Corporation, the President generally supervises the management of the affairs of the Corporation subject to the supervision of the board.

5. Has the Board acknowledged that they have read and understood the responses to each of these questions?

Yes.

Appendix 3

Outstanding Bonds and Notes

Set forth following is a schedule of the Corporation's bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year as part of a schedule of debt issuance that includes the date of issuance, term, amount, interest rate and means of repayment. Additionally, the debt schedule includes all refinancings, calls, refundings, defeasements and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule also includes a detailed list of costs of issuance for such debt.

	Balance 1/1/14	Increases	Reductions	Balance 12/31/14	Due within one year	Due in more than one year
Bonds	\$ 420,129		\$ 1,467	\$ 418,662	\$ -0-	\$ 418,662
Plus: accreted interest	42,632	\$6,014		48,646		48,646
Less: bond discount	(6,758)	282		(6,476)		(6,476)
Total bonds	\$ 456,003	\$6,296	\$ 1,467	\$ 460,832	\$ -0-	\$ 460,832

The Corporation issued no debt in 2014. The means of repayment for the Corporation's debt is its revenues. Below is the amortization schedule for the above-referenced bonds.

	Principal	Interest	Total Principal and Interest
2015	\$ 0	\$ 19,231	\$ 19,231
2016	0	19,231	19,231
2017	0	19,231	19,231
2018	0	19,231	19,231
2019	0	19,231	19,231
2020-2024	30,273	88,920	119,193
2025-2029	37,906	84,351	122,257
2030-2034	0	74,101	74,101
2035-2039	97,005	52,275	149,280
2040-2044	0	49,850	49,850
2045-2049	215,072	206,383	421,455
2050-2054	0	0	0
2055-2059	0	0	0
2060	38,406	1,141,809	1,180,215
	\$418,662	\$1,793,844	\$2,212,506

Appendix 4

Compensation Schedule

The PAL requires that this Annual Report include a compensation schedule that includes, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of \$100,000. The Corporation has no employees and its directors and officers are unpaid. Thus, there is no compensation to report.

Appendix 5

Biographical Information

The PAL requires that this Annual Report include biographical information, not including confidential personal information, for all directors and officers and employees for whom salary reporting is required to be reported as described in Appendix 4. As there are no such salaries reportable therein, there is no biographical information to be reported herein.

Appendix 6

Projects Undertaken

The PAL requires that this Annual Report set forth the projects undertaken by the Corporation during the past year. The Corporation does not undertake projects. Thus, there are no projects to report.

Appendix 7

Real Property

The PAL requires that this Annual Report set forth a listing and description of all real property of the Corporation having an estimated fair market value in excess of fifteen thousand dollars that the Corporation acquires or disposes of during the past year. This Annual Report must contain the price received or paid by the Corporation and the name of the purchaser or seller for all such property sold or bought by the Corporation during such period.

The Corporation does not own real property; consequently, there is no Corporation real property upon which to report.

Appendix 8

Code of Ethics

The Corporation has deemed the County's Code of Ethics, which is §2218 of the County Charter, as applicable to the Corporation. The County Charter is available at the following link: <http://www.nassaucountyny.gov/DocumentCenter/View/1721>.

Appendix 9

Assessment of Internal Controls

The PAL requires that this Annual Report contain an assessment of the effectiveness of the Corporation's internal control structure and procedures. All of the Corporation's accounts, investments and moneys are managed by the Trustee for the Corporation's bonds in accordance with the Amended and Restated Indenture between the Corporation and Deutsche Bank Trust Company Americas, as Trustee, dated as of March 1, 2006, or the Nassau County Treasurer. The County Treasurer maintains the accounts of the Corporation in the County's financial management system. The Corporation's financial statements are generated by an outside accounting firm, which are then audited annually in accordance with generally accepted accounting principles by a separate outside accounting and auditing firm. All contracts for payment are approved by the Corporation's board of directors and the Corporation has no employees. These controls and procedures are deemed adequate.

Appendix 10

Enabling Legislation

Set forth following is a copy of the legislation that forms the statutory basis of the Corporation.

Effective: July 1, 2014

McKinney's N-PCL § 1411

§ 1411. Local development corporations

(a) Purposes. This section shall provide an additional and alternate method of incorporation or reincorporation of not-for-profit corporations for any of the purposes set forth in this paragraph and shall not be deemed to alter, impair or diminish the purposes, rights, powers or privileges of any corporation heretofore or hereafter incorporated under this section or under the stock or business corporation laws. Corporations may be incorporated or reincorporated under this section as not-for-profit local development corporations operated for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest, and any one or more counties, cities, towns or villages of the state, or any combination thereof, or the New York job development authority in exercising its power under the public authorities law to encourage the organization of local development corporations, may cause such corporations to be incorporated by public officers or private individuals or reincorporated upon compliance with the requirements of this section, and it is hereby found, determined and declared that in carrying out said purposes and in exercising the powers conferred by paragraph (b) such corporations will be performing an essential governmental function.

(b) Type of corporation. A local development corporation is a charitable corporation under this chapter.

(c) Powers. In furtherance of its purposes set forth in paragraph (a) but not for any other purposes, a local development corporation incorporated or reincorporated under this section shall have the following powers: to construct, acquire, rehabilitate and improve for use by others industrial or manufacturing plants in the territory in which its operations are principally to be conducted, to assist financially in such construction, acquisition, rehabilitation and improvement, to maintain such plants for others in such territory, to disseminate information and furnish advice, technical assistance and liaison with federal, state and local authorities with respect thereto, to acquire by purchase, lease, gift, bequest, devise or otherwise real or personal property or interests therein, to borrow money and to issue negotiable bonds, notes and other obligations therefor, and notwithstanding section 510 (Disposition of all or substantially all assets) without leave of the court, to sell, lease, mortgage or otherwise dispose of or encumber any such plants or any of its real or

personal property or any interest therein upon such terms as it may determine and, in connection with loans from the New York job development authority, to enter into covenants and agreements and to comply with all the terms, conditions and provisions thereof, and otherwise to carry out its corporate purposes and to foster and encourage the location or expansion of industrial or manufacturing plants in the territory in which the operations of such corporation are principally to be conducted, provided, however, that no such corporation shall attempt to influence legislation by propaganda or otherwise, or participate or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office.

(d) Purchase or lease of real property owned by a county, city, town or village. (1) The local legislative body of a county, city, town or village or, if there is a board of estimate in a city, then the board of estimate, may by resolution determine that specifically described real property owned by the county, city, town or village is not required for use by such county, city, town or village and authorize the county, city, town or village to sell or lease such real property to a local development corporation incorporated or reincorporated under this article; provided, however, that title to such land be not declared inalienable as a forest preserve or a parkland.

(2) Notwithstanding the provisions of any general, special or local law, charter or ordinance to the contrary, such sale or lease may be made without appraisal, public notice, (except as provided in subparagraph (4)) or public bidding for such price or rental and upon such terms as may be agreed upon between the county, city, town or village and said local development corporation; provided, however, that in case of a lease the term may not exceed ninety-nine years and provided, further, that in cities having a population of one million or more, no such sale or lease shall be made without the approval of a majority of the members of the borough improvement board of the borough in which such real property is located.

(3) Before any sale or lease to a local development corporation incorporated or reincorporated under this article shall be authorized, a public hearing shall be held by the local legislative body, or by the board of estimate, as the case may be, to consider the proposed sale or lease.

(4) Notice of such hearing shall be published at least ten days before the date set for the hearing in such publication and in such manner as may be designated by the local legislative body, or the board of estimate as the case may be.

(5) A local development corporation, incorporated or reincorporated under this section, which purchases or leases real property from a county, city, town or village, shall not, without the written approval of the county, city, town or village, use such real property for any purpose except the purposes set forth in the certificate of incorporation or reincorporation of said local development corporation. In the event such real property is used in violation of the restrictions of this paragraph, the attorney-general may bring an action or special proceeding to enjoin the unauthorized use.

(e) Certificate of incorporation. In addition to the requirements of section 402 (Certificate of incorporation; contents) the certificate of incorporation or reincorporation of a local development corporation incorporated or reincorporated under this article shall state (1) that all income and earnings of such corporation shall be used exclusively for its corporate purposes or accrue and be paid to the New York job development authority, (2) that no part of the income or earnings of such

corporation shall inure to the benefit or profit of, nor shall any distribution of its property or assets be made to any member or private person, corporate or individual, or any other private interest, except that the certificate of incorporation or reincorporation may authorize the repayment of loans and may also authorize the repayment of contributions (other than dues) to the local development corporation but only if and to the extent that any such contribution may not be allowable as a deduction in computing taxable income under the internal revenue code of nineteen hundred fifty-four, (3) that if such corporation accepts a mortgage loan or loans from the New York job development authority, such corporation shall be dissolved in accordance with the provisions of paragraph (g) upon the repayment or other discharge in full by such corporation of all such loans.

(f) Exemption of income from taxation. The income and operations of corporations incorporated or reincorporated under this section shall be exempt from taxation.

(g) Dissolution. Upon the dissolution of any local development corporation incorporated or reincorporated under this section no member or private person, corporate or individual, or other private interest, shall be entitled to any distribution or division of its remaining funds and other property and rights and interests in property, and the balance thereof, after the payment of all debts and liabilities of the corporation of whatsoever kind and nature, (including the payment of loans and contributions the repayment of which has been authorized in its certificate of incorporation or reincorporation) shall be distributed to one or more counties, cities, towns or villages within the territory designated in its certificate of incorporation or reincorporation as the territory in which its operations are principally to be conducted, for furtherance of the purposes set forth in paragraph (a), or to the New York job development authority, as shall be provided by said corporation or by order of the supreme court of the state of New York pursuant to section 1008 (Jurisdiction of supreme court to supervise dissolution and liquidation).

(h) Corporations heretofore incorporated. Any corporation heretofore incorporated under the membership corporations law or this chapter, or under the stock or business corporation law for any of the purposes set forth in paragraph (a) of this section may amend its certificate of incorporation and be reincorporated as a local development corporation organized under this section by making and filing in the office of the secretary of state a certificate, stating the name of such corporation, and, if it has been changed, the name under which it was originally incorporated, the date of its incorporation, the names and post-office addresses of its members or of the holders of record of all of the outstanding shares of such corporation entitled to vote with relation to the proceedings provided for in the certificate and that such corporation has elected to become and be a local development corporation organized and operated under and by virtue of this section. Such certificate shall be either (1) subscribed in person or by proxy by all of the members or the holders of record of all of the outstanding shares of such corporation entitled to vote with relation to such proceedings and shall have annexed an affidavit of the secretary or an assistant secretary that the persons who have executed the certificate, in person or by proxy, constitute all of the members or the holders of record of all of the outstanding shares of the corporation entitled to vote with relation to the proceedings provided for in the certificate, or (2) subscribed by the president or a vice president and the secretary or an assistant secretary and shall have annexed an affidavit of such officers stating that they have been authorized to execute and file such certificate by the votes, cast in person or by proxy, of all of the members or of the holders of record of all of the outstanding shares of such corporation entitled to vote with relation to such proceedings at the meeting at which

such votes were cast, and that such votes were cast at a meeting of members or stockholders held on a date specified, upon notice pursuant to section 605 (Notice of meeting of members) or to section 605 of the Business Corporation Law. Every certificate filed under this paragraph shall have endorsed thereon or annexed thereto the approval of a justice of the supreme court of the judicial district in which the office of the corporation is to be located. A reincorporation pursuant to this paragraph shall not effect a dissolution of the corporation, but shall be deemed a continuation of its corporate existence, without affecting its then existing property rights or liabilities, or the liabilities of its members or officers as such, but thereafter it shall have only such rights, powers and privileges, and be subject only to such other duties and liabilities, as a corporation created for the same purposes under this article.

(i) Effect of section. Corporations incorporated or reincorporated under this section shall be organized and operated exclusively for the purposes set forth in paragraph (a), shall have, in addition to the powers otherwise conferred by law, the powers conferred by paragraph (c) and shall be subject to all the restrictions and limitations imposed by paragraph (e) and paragraph (g). In so far as the provisions of this section are inconsistent with the provisions of any other law, general or special, the provisions of this section shall be controlling as to corporations incorporated or reincorporated hereunder.

Appendix 11

Description of the Corporation and its Board Structure

Set forth following is a description of the Corporation and its board structure, including (i) names of committees and committee members, (ii) lists of board meetings and attendance, (iii) descriptions of major authority units, subsidiaries, (iv) number of employees, and (v) organizational chart.

The board of directors of the Corporation is composed of three members (at least one of which must meet certain requirements of independence): (i) one appointed by a majority vote of the Nassau County Legislature, (ii) one who must be the Nassau County Treasurer, ex officio, and (iii) one selected by (i) and (ii). The current members of the board of directors are Daniel J. McCloy and Nassau County Treasurer Beaumont A. Jefferson. There is one vacancy on the board.

(i) The Corporation as of the date of this report has the following committees): Audit Committee (members: Daniel J. McCloy and Beaumont A. Jefferson); Governance Committee (members: Daniel J. McCloy and Beaumont A. Jefferson); and Finance Committee (members: Daniel J. McCloy and Beaumont A. Jefferson).

(ii) Board meetings and attendance during 2014:

1. April 22, 2014 - members present: Daniel J. McCloy and Beaumont A. Jefferson
2. July 24, 2014 - members present: Daniel J. McCloy and Beaumont A. Jefferson
3. October 30, 2014 - members present: Daniel J. McCloy and Beaumont A. Jefferson

(iii) descriptions of major Corporation units and subsidiaries: none

(iv) number of employees: 0

(v) organizational chart

Appendix 1 2

Charter, if any, and By-laws

The Corporation is not required to have a charter. Attached is a copy of its by-laws, as amended.

Appendix 13

Material Changes in Operations and Programs

There were no material changes in operations and programs of the Corporation during the reporting year.

Appendix 1 4

Four-year Financial Plan

The PAL requires authorities to include herein their current four-year financial plan, including (i) a current and projected capital budget, and (ii) an operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance.

Set forth below is the Corporation's current four-year financial plan, including its operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance. The Corporation does not own physical assets and thus does not have a capital budget.

NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION								
		2014 Budget	2014 Actual	2015 Budget	2016 Plan	2017 Plan	2018 Plan	2019 Plan
EXPENSE								
DD	CONTRACTUAL SERVICES	\$125,000	\$121,523	\$130,856	\$125,000	\$125,000	\$130,000	\$125,000
FF	INTEREST	19,331,571	19,281,473	19,231,375	19,231,375	19,231,375	19,231,375	19,231,375
GG	PRINCIPAL	0	1,467,000	0	0	0	0	0
OO	OTHER EXPENSE							
EXPENSE TOTAL		\$19,456,571	\$20,869,996	\$19,362,231	\$19,356,375	\$19,356,375	\$19,361,375	\$19,356,375
REVENUE								
RO	TOBACCO SETTLEMENT REVENUES	\$19,171,620	\$21,732,892	\$19,094,953	18,700,154	18,644,054	18,588,122	18,532,357
BE	INVESTMENT INCOME	5,000	3,109	3,000	4,000	6,000	8,000	10,000
R0801	MISCELLANEOUS INCOME	0	0	0	0	0	0	0
REVENUE TOTAL		\$19,176,620	\$21,736,001	\$19,097,953	\$18,704,154	\$18,650,054	\$18,596,122	\$18,542,357
NET CHANGE IN FUND BALANCE		(\$279,951)	\$866,005	(\$264,278)	(\$652,221)	(\$706,321)	(\$765,253)	(\$814,018)

Overview of the 2014 Budget and 2014 Actual

Revenue (Estimated Receipts)

The Corporation typically has two sources of revenues in its Budget: Tobacco Settlement Revenues and investment income.

Tobacco Settlement Revenues ("TSRs")

Pursuant to the Sale Agreement, the Corporation purchased all of the County's future right, title and interest under the Master Settlement Agreement ("MSA"), including the right to receive the TSRs. The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the participating cigarette manufacturers (the "PMs"), litigation affecting the MSA and related legislation, enforcement of state legislation related to the MSA and the tobacco industry. Payments by the PMs under the MSA are subject to certain adjustments, which may be material. Total TSRs received in 2014 were \$21,732,892 versus a budgeted amount of \$19,171,620. Total TSRs received in 2015 as of the date of this report were \$18,355,586.30. In addition, the Corporation is due an additional \$242,714.92, for a total due in 2015 of \$18,598,301.22. This total amount for 2015 is lower than the budgeted amount of \$19,094,953 due to a larger decline in consumption than budgeted. For 2016-2019, projected TSRs are based on a projected net decline in consumption of -0.3% in each year, based on TSRs received in 2014, excluding the release of disputed payment amounts of \$2,920,030.

Investment Income

As of December 31, 2014, the Corporation's deposit balances were \$207,430, which were fully covered by the Federal Deposit Insurance Corporation. As of December 31, 2014, the Corporation's investments were \$24,013,055. Investments consisted of shares of an investment fund which invests (i) in short-term U.S. Treasury securities paying a fixed or variable rate and (ii) in repurchase agreements backed by U.S. Treasury securities. Investment income was \$3,109 in 2014 due to continued low investment rates, versus a budgeted amount of \$5,000.

Miscellaneous Income

There was no other income in 2014.

Expenditures

Contractual Expenses

The Corporation budgeted \$125,000 for contractual expenses in 2014, versus actual expenses of \$121,523.

Interest and Principal Payments

The Corporation budgeted \$19,331,571 for interest expenses in 2014, versus actual expenses of \$19,281,473. The difference was due to a principal payment being made in 2014, resulting in lower interest expense. Any additional revenues received above the required debt service payments are required to fund sinking fund installments and/or Turbo Redemptions. The Corporation received sufficient TSRs to fund the required debt service payment of \$19,281,473 and a Turbo Redemption of \$1,467,000 on its Series 2006 Bonds during 2014. Additionally, the Corporation funded the Senior Liquidity Reserve Account to its required level.

Capital Construction in the Budget

The Corporation does not own physical assets and thus does not have a capital budget.

Appendix 15

Board Performance Evaluations

Delivered separately are the most recent summary results of the confidential evaluation of board performance, which are not subject to disclosure under Article Six of the N.Y. State Public Officers Law.

Appendix 1 6

Assets and Services Bought or Sold without Competitive Bidding

The PAL requires this Annual Report to contain a description of the total amounts of assets, services or both assets and services bought or sold without competitive bidding, including (i) the nature of those assets and services, (ii) the names of the counterparties, and (iii) where the contract price for assets purchased exceeds fair market value, or where the contract price for assets sold is less than fair market value, a detailed explanation of the justification for making the purchase or sale without competitive bidding, and a certification by the chief executive officer and chief financial officer of the public authority that they have reviewed the terms of such purchase or sale and determined that it complies with applicable law and procurement guidelines. There were no such transactions during the reporting year.

Appendix 17

Material Pending Litigation

None.

Certification

With respect to the attached Annual Report of the Nassau County Tobacco Settlement Corporation, based on the undersigned's knowledge: (i) the information is accurate, correct and does not contain any untrue statement of material fact; (ii) the Annual Report does not omit any material fact which, if omitted, would cause it to be misleading in light of the circumstances under which the statements are made; and (iii) the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of, and for, the periods presented in the Annual Report.

NASSAU COUNTY TOBACCO SETTLEMENT
CORPORATION

By: _____

Name: Beaumont A. Jefferson

Title: President

Date: May 6, 2015