

Nassau County Tobacco Settlement Corporation

2020 Annual Investment Report

October 27, 2021

Most of the revenues of the Nassau County Tobacco Settlement Corporation (the “Corporation”) consist of certain initial and annual payments (the “tobacco settlement revenues” or “TSRs”) made by participating cigarette manufacturers (the “PMs”) under the Master Settlement Agreement (the “MSA”) entered into by the “PMs”, the State of New York, forty-five other states, the District of Columbia, Puerto Rico, Guam, the United States Virgin Islands, American Samoa and the Northern Marianas Islands 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 Corporation currently invests available cash in deposit balances and shares of a money market fund which invests in short-term U.S. Treasury securities paying a fixed or variable interest rate and in repurchase agreements backed by U.S. Treasury securities. The fund charges customary money market fees. The investments are purchased through Deutsche Bank Trust Company Americas (“Deutsche Bank”), the Trustee for the Corporation’s debt. Deutsche Bank is paid an annual trustee fee of \$7,500. The Corporation’s 2020 financial statements were audited by Marks Paneth LLP. The audit fee paid in 2020 for the 2019 audit was \$24,000. The Corporation does not pay any other fees to any investment banker, broker, agent or dealer for investment services.

Investment income in 2020 was \$111,475.

As of December 31, 2020, deposit balances were \$286,840, which were fully covered by the Federal Deposit Insurance Corporation. As of December 31, 2020, the Corporation’s investments were \$22,277,575, consisting of shares of a money market fund which invests in short-term U.S. Treasury securities paying a fixed or variable interest rate and in repurchase agreements backed by U.S. Treasury securities.

Included herewith are the Investment Guidelines of the Corporation. The Corporation’s annual independent audit for fiscal year 2020, which includes the Corporation’s investments, was presented to and accepted by the Corporation on May 20, 2021.