

**CERTAIN POLICIES AND PROCEDURES  
OF THE  
NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION**

**Revised April 22, 2014**

**I. Acquisition and Disposition of Property**

Public Authorities Law (“PAL”) § 2896 requires each public authority in New York to adopt by resolution comprehensive guidelines which shall (a) detail the public authority's operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property, and (b) designate a contracting officer who shall be responsible for the public authority's compliance with, and enforcement of, such guidelines. The Nassau County Tobacco Settlement Corporation (the “Corporation”), however, is limited by its certificate of incorporation to (i) acquiring the rights to 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, which it has done, (ii) issuing debt for the purpose of securitizing such payments, which it has done and (iii) activities related to (i) and (ii). As such, the Corporation is not authorized to acquire real property or other personal property, and it has already pledged the TSRs as part of its issuance of debt. Thus, a more detailed policy regarding the acquisition and disposition of property would not be meaningful. Sections 2895(1) and 2896(1)(b) of the PAL require designation of a contracting officer for the authority with regard to the disposition or acquisition of real property, which for the purpose of complying with the statute shall be the Chairperson of the Corporation. Section 2896 requires authorities to review its guidelines annually.

**II. Policies Regarding Compensation  
and Time and Attendance for Executive Officers**

Section 2824(1) of the Public Authorities Law requires that boards of all public authorities establish policies regarding the payment of salary to, and establish rules for the time and attendance of, the chief executive and senior management of such authority. The Corporation has no employees. Thus, a more detailed policy regarding the compensation and time and attendance for executive officers would not be meaningful.

**III. Whistleblower Protection Policy**

The Corporation has no employees. Thus, a more detailed whistleblower protection policy, as set forth in Section 2824(1) of the Public Authorities Law, would not be meaningful; provided, however, that board members may report potential wrongdoing to the appropriate official and be protected from retaliation or interference by the Corporation. Members who so report such wrongdoing shall not have their other legal rights impaired.

#### **IV. Travel and Expense Policy**

Section 2824(1) of the Public Authorities Law requires that boards of all public authorities establish policies regarding reimbursements to the chief executive and senior management of the authority. Pursuant to the Corporation's by-laws, directors may be reimbursed for the expenses reasonably incurred by them in the performance of their duties.

#### **V. Defense and Indemnification of Board Members**

Section 2824(1) of the Public Authorities Law requires that boards of all public authorities adopt a defense and indemnification policy and disclose such plan to any and all prospective board members. The Corporation's by-laws govern the defense and indemnification of board members. Further, Nassau County enacted Local Law 3-2014, effective March 26, 2014, which provides that directors of the Corporation shall be indemnified, defended and held harmless by the County against any and all liabilities, losses, costs, expenses and damages (including, without limitation, attorney's fees) arising out of or in connection with any acts or omissions by the directors that are performed within the scope of their duties as directors.