

State of New York
Department of State } **ss:**

I hereby certify, that the Certificate of Incorporation of YATES TOBACCO ASSET SECURITIZATION CORPORATION was filed on 10/13/2000, as a Not-for-Profit Corporation and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.



200511230133 * 07

*Witness my hand and the official seal
of the Department of State at the City
of Albany, this 22nd day of November
two thousand and five.*

A handwritten signature in black ink, appearing to read "Daniel Shapiro".

Daniel Shapiro
Special Deputy Secretary of State

CERTIFICATE OF INCORPORATION

OF

YATES TOBACCO ASSET SECURITIZATION CORPORATION

(Under Section 1411 of the Not-For-Profit Corporation Law of the State of New York)

Filed by: Sarah Purdy
Yates County Administrator
226 Main Street
Penn Yan, NY 14527

State of New York }
Department of State } ss:

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

OCT 17 2000

Witness my hand and seal of the Department of State on



A handwritten signature in black ink, appearing to read "J. Clark", followed by a long horizontal line extending to the right.

Special Deputy Secretary of State

F001013000 *WCB*

CERTIFICATE OF INCORPORATION
OF

YATES TOBACCO ASSET SECURITIZATION CORPORATION

A Not-for-Profit Local Development Corporation
under Section 1411 of the Not-For-Profit
Corporation Law of the State of New York

THE UNDERSIGNED, being over the age of eighteen years and the Administrator of the County of Yates, New York, for the purpose of forming a not-for-profit local development corporation pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certifies as follows:

FIRST: The name of the corporation shall be Yates Tobacco Asset Securitization Corporation (hereinafter referred to as the "Corporation").

SECOND: The Corporation will be a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law of the State of New York and, as provided in Section 1411 of the Not-For-Profit Corporation Law, will be a Type C Corporation as defined in Section 201 of the Not-For-Profit Corporation Law. The Corporation shall be a public instrumentality of, but separate and apart from the County of Yates, New York (the "County").

THIRD: The Corporation is formed exclusively for the purposes set forth in Section 1411(a) of the Not-for-Profit Corporation Law. The Corporation is to be formed and operated as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to lessen the burdens of government by engaging solely in the following activities:

(a) To acquire from the County all or any portion of the rights, title and interest of the County in, to and under the Consent Decree and Final Judgment of the Supreme Court of the State of New York, County of New York dated December 23, 1998, as the same may be amended or modified, in the class action entitled *State of New York et. al. v. Philip Morris Incorporated et. al.* (Index No. 400361/97) and in, to and under all or any portion of the moneys due to the County thereunder or under the Master Settlement Agreement with respect to tobacco related litigation among various Settling States and Participating Manufacturers (as defined therein) (collectively, the "Tobacco Assets");

(b) To purchase, acquire, own, hold, sell, assign, pledge and otherwise deal with the Tobacco Assets, any collateral securing the Tobacco Assets and any proceeds or further rights associated with the Tobacco Assets;

|

(c) To issue and sell one or more series or classes of negotiable bonds, notes and other obligations (the "Obligations") through public letting, private placement, or negotiated underwriting to finance the acquisition referred to in subparagraphs (a) and (b) above, secured or collateralized by the Tobacco Assets (or any part thereof). No Obligations shall be issued without the affirmative vote of a majority of the entire Board of Directors of the Corporation;

(d) To engage the services of one or more underwriters, placement agents, consultants, attorneys, financial advisors and other persons whose services shall be necessary or desirable in connection with the acquisition and financing referred to above;

(e) To act as depositor, settlor or transferor of a trust (the "Trust") and to deposit, transfer or convey to such Trust a residual certificate issued by the Corporation, subordinate to all Obligations issued by the Corporation, under which funds of the Corporation will be paid to the holder of the Certificate (the "Residual Certificate") and to transfer, sell and assign to the County the Corporation's beneficial ownership of the Trust (the "Beneficial Ownership Interest"); and

(f) In general, to perform any and all acts and things, and exercise any and all powers which may now or hereafter be lawful for the Corporation to do or exercise under and pursuant to the laws of the State of New York for the purpose of accomplishing any of the foregoing purposes of the Corporation.

FOURTH: The acquisitions referred to in subparagraphs (a) and (b) of paragraph THIRD above and the payment or transfer of moneys and the Beneficial Ownership Interest to the County in consideration therefor will achieve the lawful public purpose of lessening the burdens of government, the carrying out of such purposes and the exercise of the powers conferred on the Corporation being the performance of an essential governmental function.

FIFTH: The operations of the Corporation will be principally conducted within the territory of the County. Notwithstanding any other provision of this Certificate of Incorporation, the By-laws and any provision of law, so long as any Obligations remain outstanding, the Corporation shall not do any of the following;

(a) engage in any business or activity other than as set forth in paragraph THIRD above;

(b) without the affirmative vote of the entire Board of Directors of the Corporation, which must include the affirmative vote of the Independent Director, and the affirmative vote of all of the Corporation's Members, (i) dissolve or liquidate, in whole or in part, or institute proceedings to be adjudicated bankrupt or insolvent, (ii) consent to the institution of bankruptcy or insolvency proceedings against it, (iii) file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (iv) consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or a substantial part of its property, (v) make a general assignment

2

SEVENTH: (a) The Corporation shall not attempt to influence legislation by propaganda or otherwise, or participate in or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office.

(b) The Corporation shall not engage in any activities not permitted to be carried on by an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

EIGHTH: In the event of the dissolution of the Corporation or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all debts and liabilities of the Corporation of whatsoever kind or nature (which shall include, but not be limited to the Corporation's responsibilities under the Obligations and the Residual Certificate), distribute all of the remaining assets and property of the Corporation to the County for furtherance of the purposes set forth in paragraph (a) of Section 1411 of the Not-For-Profit Corporation Law. Any of such assets not so disposed of shall be disposed of by order of the Supreme Court of the State of New York pursuant to Section 1008 of the Not-For-Profit Corporation Law.

NINTH: The office of the Corporation shall be located in the County of Yates in the State of New York and such office shall be functionally separate from those of any member of the County Group (as defined in paragraph ELEVENTH below) (although such office may be in a facility leased from a member of the County Group on arms-length terms). The Corporation at all times shall:

(a) maintain separate accounting records and other corporate records from those of each member of the County Group;

(b) not divert the Corporation's funds to any other person or for other than the use of the Corporation and not commingle any of the Corporation's assets with those of any member of the County Group;

(c) pay any employee, consultant or agent of the Corporation, or any other operating expense incurred by the Corporation, from the assets of the Corporation and not from the assets of any member of the County Group;

(d) maintain its own deposit account or accounts, separate from those of any member of the County Group, with commercial banking institutions and/or trust companies;

(e) to the extent that the Corporation contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other person, the costs incurred in so doing shall be fairly allocated to or among the Corporation and such persons for whose benefit the goods and services are provided, and the Corporation and each such person shall bear its fair share of such costs;

4

(f) conduct its business in its own name and conduct all material transactions between the Corporation and any member of the County Group only on an arm's-length basis;

(g) observe all necessary, appropriate and customary corporate formalities, including, but not limited to, holding all regular and special members' and directors' meetings appropriate to authorize all corporate action, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records, and accounts, including, but not limited to, intercompany transaction accounts. Regular member's and directors' meetings shall be held at least annually;

(h) ensure that decisions with respect to its business and daily operations shall be independently made by the Corporation (although the officer making any particular decision also may be an employee, officer or director of a member of the County Group);

(i) act solely in its own corporate name and through its own authorized officers and agents, and use its own stationery;

(j) ensure that no member of the County Group will supply funds to, or guarantee debts of, the Corporation;

(k) other than as expressly provided herein, pay all expenses, indebtedness and other obligations incurred by it;

(l) not enter into any guaranty, or otherwise become liable, with respect to any obligation of any member of the County Group;

(m) cause any financial reports required of the Corporation to be prepared in accordance with generally accepted accounting principles and be audited annually and be issued separately from, although they may be consolidated with, any reports prepared for any member of the County Group; and

(n) ensure that at all times it is adequately capitalized to engage in the transactions contemplated herein.

TENTH: The types or classes of Membership in the Corporation and the number of Members of the Corporation shall be described in the By-laws. The Member of the Corporation shall be identified in the By-laws.

ELEVENTH: The Corporation shall be managed by a Board of Directors one member of which shall be an Independent Director (as hereinafter defined). All members of the Board of Directors shall be appointed by the Member or Members of the Corporation (the "Appointed

Directors”) and each member of the Board of Directors other than the Independent Director shall be an employee of the County government or hold an elected position in the 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 Certificate of Incorporation as the “County Group”); (ii) an official, member, stockholder, director, officer, employee, agent or affiliate of the County Group (the “Principal”); (iii) a person related to any person referred to in clause (i) or (ii); or (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.

In the event of the death, incapacity, resignation, removal or departure from relevant office of an Appointed Director or the Independent Director, the Member promptly shall appoint a replacement Appointed Director or a replacement for the Independent Director meeting the required criteria of the departing Appointed Director or the Independent Director, provided that the Independent Director shall remain a member of the Board until his or her successor is appointed. The Board of Directors shall not vote on any matter requiring the vote of the Independent Director under this Certificate of Incorporation unless and until the Independent Director is serving on the Board.

TWELFTH: The names, public offices and addresses of the initial Directors of the Corporation are as follows:

<u>Name</u>	<u>Public Office</u>	<u>Address</u>
Robert N. Multer	Chairman of Legislature	226 Main St. Penn Yan, NY 14527
Sarah Purdy	County Administrator	226 Main St. Penn Yan, NY 14527
Bonnie Percy	County Treasurer	110 Court St. Penn Yan, NY 14527

THIRTEENTH: The duration of the Corporation shall be perpetual.

FOURTEENTH: The Corporation shall indemnify each member, each Director, each officer, and, to the extent authorized by the Board of Directors, each other person authorized to act for the Corporation or on its behalf, to the full extent to which indemnification is permitted under the Not-For-Profit Corporation Law.

6

FIFTEENTH: The Secretary of New York State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is as follows: Yates Tobacco Asset Securitization Corporation, 110 Court Street, Penn Yan, New York 14527.

SIXTEENTH: The By-laws of the Corporation may be adopted, amended or repealed by the affirmative vote of a majority of the entire Board of Directors of the Corporation and the affirmative vote of all the Members of the Corporation.

SEVENTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation by the affirmative vote of all Members of the Corporation and the affirmative vote of a majority of the entire Board of Directors of the Corporation; provided, however, that (i) the Corporation shall not amend or change any provision of any Article other than Articles THIRD, FIFTH, NINTH AND SEVENTEENTH (the "Restricted Articles") so as to be inconsistent with the Restricted Articles; (ii) no amendment to any of the Restricted Articles shall be made except by the affirmative vote of a majority of the entire Board of Directors of the Corporation that includes the affirmative vote of the Independent Director; and (iii) no amendment to this Certificate of Incorporation or to the By-laws of the Corporation shall be made without (a) prior written notice to all securities rating agencies which, at the request of the Corporation, have rated indebtedness of the Corporation which is outstanding at the time of the amendment and (b) receipt of written confirmation from each such agency that the amendment will not cause the agency to lower or withdraw its rating or ratings on such rated indebtedness.

7
7

IN WITNESS WHEREOF, this Certificate has been subscribed this 12th day of October, 2000 by the undersigned.

Sarah Purdy
Name: Sarah Purdy
Title: County Administrator
Address: Yates County
226 Main Street
Penn Yan, NY 14527

8

F 001013000 606

CERTIFICATE OF INCORPORATION

OF

YATES TOBACCO ASSET SECURITIZATION CORPORATION

(Under Section 1411 of the Not-For-Profit Corporation Law of the State of New York)

DRAWDOWN
NIS
27

ICC
STATE OF NEW YORK
DEPARTMENT OF STATE

OCT 13 2000

FILED
TAXS
BY:

JAN
Yates
Type C

Oct 13 1 48 PM '00

FILED

RECEIVED

Oct 13 1 35 PM '00

Filed by: Sarah Purdy
Yates County Administrator
226 Main Street
Penn Yan, NY 14527

9

001013000 625