

(Use this form to file a local law with the Secretary of State.)

Text of law should be given as amended. Do not include matter being eliminated and do not use italics or underlining to indicate new matter.

County
~~CITY~~
~~TOWN~~
~~VILLAGE~~

of Niagara

Local Law No. 5 of the year 20..00..

A local law in Relation to the Sale by the County of Niagara of its Rights
(Insert Title)
to Receive Payments Expected to Become Due under the Master
Settlement Agreement and the Related Consent Decree and Final
Judgment with Various Tobacco Companies

Be it enacted by the Legislature of the
(Name of Legislative Body)

County
~~CITY~~
~~TOWN~~
~~VILLAGE~~

of Niagara as follows:

A LOCAL LAW IN RELATION TO THE SALE BY THE COUNTY OF NIAGARA OF ITS RIGHTS TO RECEIVE PAYMENTS EXPECTED TO BECOME DUE UNDER THE MASTER SETTLEMENT AGREEMENT AND THE RELATED CONSENT DECREE AND FINAL JUDGMENT WITH VARIOUS TOBACCO COMPANIES

Section 1. Legislative Intent.

The Legislature hereby finds that:

A. The County of Niagara (the "County") is entitled to receive payments under the Master Settlement Agreement (hereinafter the "MSA") and the Consent Decree and Final Judgment of the Supreme Court of the State of New York, County of New York, dated December 23, 1998 (hereinafter, as the same may be amended or modified, the "Decree") in the class action entitled State of New York, et al. v. Phillip Morris Incorporated, et al. (Index No. 400361/97); and

B. In order to secure to present generations a portion of the benefits intended to be conferred by the MSA and the Decree, it is necessary or desirable for the County to sell all or a portion of its rights, title and interest in, to and under the Decree and in and to the moneys payable to the County under the MSA and the Decree (all such rights, title and interest hereinafter collectively referred to as the "Tobacco Settlement Revenues") to a local development corporation to be created by the County pursuant to the Not-For-Profit Corporation Law of the State of New York.

(If additional space is needed, attach pages the same size as this sheet, and number each.)

Section 2. Authorization to Take all Actions Necessary to Effect Sales and to Benefit from the Consideration to be Received from Such Sales.

The County is hereby authorized to sell to the said local development corporation, and to take any and all actions necessary or desirable to effect one or more sales to the said local development corporation of the County's rights, title and interest in and to all or a portion of the Tobacco Settlement Revenues and to take any and all actions necessary or desirable to enable the County to benefit from the consideration to be received from any such sale. The Chairman of the County Legislature or his designee(s) may approve the terms and conditions of any such transaction and the form and substance of any agreement of sale or other document necessary or desirable to effect any such transaction including the power to execute and deliver and such agreement or other document as may be approved by the person executing the same and to take any and all other actions necessary or desirable to enter into, facilitate or consummate such transaction, including agreeing to pay certain fees and expenses which will be payable regardless of whether or not such transaction is consummated. The County shall use the initial proceeds to be received from said corporation from such sale first to finance the defeasance of currently outstanding County bonds paid by the general fund and, to the extent available, to finance certain capital projects identified in the County's capital program. It is the intent of this local law that a sale by the County of Tobacco Settlement Revenues to the said local development corporation is, and it is hereby deemed to be, a true sale and not a borrowing.

Section 3. Local Development Corporation.

The Chairman of the County Legislature or his designee(s) is hereby authorized to take all actions necessary to create a corporation pursuant to the New York Not-For-Profit Corporation Law § 1411 (hereinafter the "Corporation"). The Corporation shall be granted all powers as may be deemed necessary by the Chairman of the County Legislature or his designee(s), which powers shall include, but not be limited to, the power to purchase from the County its right, title and interest in and to all or a portion of the Tobacco Settlement Revenues, to issue bonds, notes and other evidence of indebtedness and other securities and to incur other obligations, to create and transfer assets of the Corporation to a trust or other entity, and to take all other actions as may be necessary in connection therewith.

It is the specific intention of the Legislature that the purpose and scope of the Corporation be limited to the transactions contemplated by this local law including the purchase of Tobacco Settlement Revenues from the County, the financing of any such purchase and related transactions.

Section 4. Covenant and Agreement.

The County is hereby authorized to covenant and agree with the Corporation in a transaction contemplated by this local law for the benefit of the Corporation and the holders from time to time of any bonds, notes or other obligations or other securities (hereinafter collectively, the "Securities") issued by the Corporation that the County will not limit or alter the rights of the

Corporation to fulfill the terms of its agreements with the holders of the Securities until the Securities, together with the interest due thereon or payable in respect thereof and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The Chairman of the County Legislature or his designee(s) is granted the power to make such a covenant to and agreement with the Corporation and to take any and all actions necessary or desirable to cause such covenant and agreement to be made or enforced. The Corporation is hereby authorized to assign to or for the benefit of the holders of its Securities any covenant or agreement made by the County pursuant to this Section.

Section 5. This local law takes effect upon filing in the office of the Secretary of State as provided by Section 27 of the Municipal Home Rule Law.

(Complete the certification in the paragraph that applies to the filing of this local law and strike out that which is not applicable.)

1. (Final adoption by local legislative body only.)

I hereby certify that the local law annexed hereto, designated as local law No. 5 of 2000 of the (County)(City)(Town)(Village) of Niagara was duly passed by the Niagara County Legislature on August 1 2000, in accordance with the applicable provisions of law.
(Name of Legislative Body)

2. (Passage by local legislative body with approval, no disapproval or repassage after disapproval by the Elective Chief Executive Officer*.)

I hereby certify that the local law annexed hereto, designated as local law No. of 20 of the (County)(City)(Town)(Village) of was duly passed by the on 20, and was (approved)(not approved)(repassed after disapproval) by the and was deemed duly adopted on 20, in accordance with the applicable provisions of law.
(Name of Legislative Body)
(Elective Chief Executive Officer*)

3. (Final adoption by referendum.)

I hereby certify that the local law annexed hereto, designated as local law No. of 20 of the (County)(City)(Town)(Village) of was duly passed by the on 20, and was (approved)(not approved)(repassed after disapproval) by the on 20. Such local law was submitted to the people by reason of a (mandatory)(permissive) referendum, and received the affirmative vote of a majority of the qualified electors voting thereon at the (general)(special)(annual) election held on 20, in accordance with the applicable provisions of law.
(Name of Legislative Body)
(Elective Chief Executive Officer*)

4. (Subject to permissive referendum and final adoption because no valid petition was filed requesting referendum.)

I hereby certify that the local law annexed hereto, designated as local law No. of 20 of the (County)(City)(Town)(Village) of was duly passed by the on 20, and was (approved)(not approved)(repassed after disapproval) by the on 20. Such local law was subject to permissive referendum and no valid petition requesting such referendum was filed as of 20, in accordance with the applicable provisions of law.
(Name of Legislative Body)
(Elective Chief Executive Officer*)

* Elective Chief Executive Officer means or includes the chief executive officer of a county elected on a county-wide basis or, if there be none, the chairperson of the county legislative body, the mayor of a city or village, or the supervisor of a town where such officer is vested with the power to approve or veto local laws or ordinances.

5. (City local law concerning Charter revision proposed by petition.)

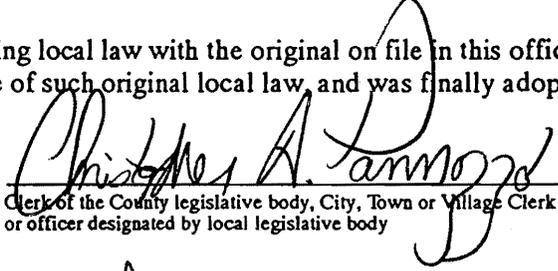
I hereby certify that the local law annexed hereto, designated as local law No. _____ of 20_____ of the City of _____ having been submitted to referendum pursuant to the provisions of section (36)(37) of the Municipal Home Rule Law, and having received the affirmative vote of a majority of the qualified electors of such city voting thereon at the (special)(general) election held on _____ 20____, became operative.

6. (County local law concerning adoption of Charter.)

I hereby certify that the local law annexed hereto, designated as local law No. _____ of 20_____ of the County of _____ State of New York, having been submitted to the electors at the General Election of November _____ 20____, pursuant to subdivisions 5 and 7 of section 33 of the Municipal Home Rule Law, and having received the affirmative vote of a majority of the qualified electors of the cities of said county as a unit and a majority of the qualified electors of the towns of said county considered as a unit voting at said general election, became operative.

(If any other authorized form of final adoption has been followed, please provide an appropriate certification.)

I further certify that I have compared the preceding local law with the original on file in this office and that the same is a correct transcript therefrom and of the whole of such original local law, and was finally adopted in the manner indicated in paragraph _____, above.



Clerk of the County legislative body, City, Town or Village Clerk
or officer designated by local legislative body

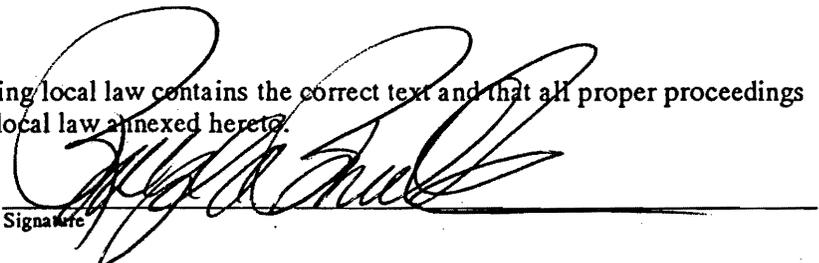
Date: August 14, 2000

(Seal)

(Certification to be executed by County Attorney, Corporation Counsel, Town Attorney, Village Attorney or other authorized attorney of locality.)

STATE OF NEW YORK
COUNTY OF NIAGARA

I, the undersigned, hereby certify that the foregoing local law contains the correct text and that all proper proceedings have been had or taken for the enactment of the local law annexed hereto.



County Attorney
Title

County
~~NY~~ of Niagara
~~TX~~
~~XX~~

Date: August 14, 2000