

Rensselaer Tobacco Asset Securitization Corporation
2009 ANNUAL REPORT

This report is being submitted in compliance with the Public Authorities Accountability Act of 2005 (Chapter 766 of the Laws of 2005). It is not intended to be a substitute for or to replace the Rensselaer Tobacco Asset Securitization Corporation's (herein referred to as either "RenTASC" or the "Corporation") Financial Statements prepared as of December 31, 2009.

1. Operations and Accomplishments.

The Corporation received sufficient Tobacco Settlement Revenues (the "TSRs") to make a \$830,000 Principal Payment against its Series 2001 Bonds. In addition, the Corporation redeemed \$987,198 of Series 2005 principal and \$263,810 of accreted interest.

2. The Corporation's revenues and expenditures for 2009 as reported in its 2009 Financial Statements are as follows:

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Governmental Activities</u>
Primary Government:			
Governmental activities:			
General government support	\$ 58,125	\$ -	\$ (58,125)
Interest and fiscal charges	<u>2,790,294</u>	<u>-</u>	<u>(2,790,294)</u>
Total governmental activities	<u>\$ 2,848,419</u>	<u>\$ -</u>	<u>(2,848,419)</u>
General revenues:			
Interest earnings			132,229
Tobacco settlement revenues			<u>2,764,832</u>
Total general revenues			<u>2,897,061</u>
Change in net assets			48,642
Net assets—beginning			<u>(42,155,160)</u>
Net assets—ending			<u>\$ (42,106,518)</u>

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3. The Corporation's Assets and Liabilities as of December 31, 2009 as reported in its 2008 Financial Statements are as follows:

ASSETS

Cash and cash equivalents	\$ 2,844,996
Accrued interest receivable	10,422
Prepaid expenses	<u>8,050</u>
Total assets	<u>2,863,468</u>

LIABILITIES

Accrued interest payable	137,402
Non-current liabilities:	
Due within one year - bonds	885,000
Due within more than one year - bonds	28,559,881
Subordinate Turbo CABs	<u>15,387,703</u>
Total liabilities	<u>44,969,986</u>

NET ASSETS (DEFICIT)

Restricted for:	
Debt service	2,617,646
Unrestricted	<u>(44,724,164)</u>
Total net assets (deficit)	<u>\$ (42,106,518)</u>

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4. Bonds and notes of the Corporation outstanding as of December 31, 2009 are as follows:

	Balance 1/1/2009	Increases	Decreases	Balance 12/31/2009	Due Within One Year
Tobacco Settlement Bonds:					
Series 2001A	\$ 30,605,000	\$ -	\$ 830,000	\$ 29,775,000	\$ 885,000
Subordinate Turbo CABs:					
Series 2005 - Original Principal	12,640,298	-	987,198	11,653,100	-
Accreted Interest	2,918,676	1,079,737	263,810	3,734,603	-
Total Subordinated Turbo CABs	15,558,974	1,079,737	1,251,008	15,387,703	-
Bond issuance costs	(350,920)	-	20,801	(330,119)	-
Net Long Term Debt	\$ 45,813,054	\$ 1,079,737	\$ 2,101,809	\$ 44,832,584	\$ 885,000

- A. **Series 2001A**—In 2001, the RTASC issued \$34,555,000 of Tobacco Settlement Asset Backed Bonds, Series A pursuant to an indenture dated as of December 1, 2001. The net proceeds of the Series A Bonds were used to purchase from the County all of the County's right, title and interest, under the MSA and the Decree, including the Tobacco Settlement Revenues ("TSR").

The payment of the Series A Bonds is dependent on the receipt of TSR's. The amount of TSR's actually collected is dependent on many factors including cigarette consumption and the continued operations of the OPMs. Such bonds are secured by and payable solely from TSR's and investment earnings pledged under the bond indenture, and amounts established and held in accordance with the bond indenture.

In the event sufficient funds are not available to meet Planned Payment Maturities, Rated Maturity dates will be used.

Each Series A Bond has a Rated Maturity Date and a Planned Principal Payment Date. Planned Principal Payment Dates are based upon a maturity of debt that began June 1, 2002 extending through 2027 at variable rates. Interest is payable June 1 and December 1 of each year. Planned Principal Payments and Rate Maturities are scheduled only on June 1 of each year although principal could be paid semiannually if actual principal payments are slower than Planned Principal Payments. Failure to pay interest on the Series A Bonds when due or principal of the Series A Bonds when due on a Rated Maturity Date will constitute a default.

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In the event it is determined that residual revenues exist as a result of debt service reserve requirements being met on an annual basis, such residual revenues shall be payable to the County.

Debt service requirements for the Series 2001A bonds, based upon planned principal payments, are as follows:

Year Ending December 31,	Principal	Interest	Total
2010	\$ 885,000	\$ 1,648,823	\$ 2,533,823
2011	970,000	1,600,613	2,570,613
2012	1,030,000	1,548,484	2,578,484
2013	1,095,000	1,492,908	2,587,908
2014	1,135,000	1,433,546	2,568,546
2015 - 2019	7,220,000	6,094,535	13,314,535
2020 - 2024	10,575,000	3,556,696	14,131,696
2025 - 2026	6,865,000	552,431	7,417,431
Total	<u>\$ 29,775,000</u>	<u>\$ 17,928,036</u>	<u>\$ 47,703,036</u>

- B. Series 2005**—In 2005, RTASC participated in the New York Counties Tobacco Trust V (“NYCTT V”), along with 23 other New York County Tobacco Corporations, and issued subordinate Capital Appreciation Bonds (Subordinate Turbo CABs) in various series for the purpose of securitizing additional future tobacco settlement revenues. Net proceeds of the 2005 series, after closing costs, amounted to \$12,225,328.

Interest on the Subordinate Turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accrued interest on the Subordinate Turbo CABS is reflected as long-term accreted interest payable.

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Redemption of the Subordinate Turbo CABs as outlined in the original official statement totals \$67,955,251 with interest ranging from 6.00% to 7.85% and are scheduled to be paid from 2017 through 2040, while early payment is allowed. As of December 31, 2009, RTASC has made \$987,198 total redemption payments. Any debt service amounts not paid in accordance with the Subordinated Turbo CAB's redemption payments schedule will be due and payable on the following maturity dates:

Series	Maturity Date
2005 S1	June 1, 2038
2005 S2	June 1, 2050
2005 S3	June 1, 2055
2005 4B	June 1, 2060

5. The Corporation's compensation schedule.

No salary or compensation was paid to any officer or director of the Corporation during 2009. The Corporation did not have any paid employees in 2009.

6. Projects undertaken by the Corporation during 2009.

The Corporation did not undertake any projects during 2009.

7. Real property owned and or disposed of by the Corporation.

The Corporation did not own or sell any real property during 2009 and does not currently own any real property.

8. The Corporation's code of ethics as adopted and approved by the Board of Directors at its June 8, 2009 meeting is as follows:

This Code of Ethics shall apply to all officers and employees of the Rensselaer Tobacco Asset Securitization Corporation. These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of the Authority's directors and employees and to preserve public confidence in the Authority's mission.

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Responsibility of Directors and Employees

1. Directors and employees shall perform their duties with transparency, without favor and refrain from engaging in outside matters of financial or personal interest, including other employment, that could impair independence of judgment, or prevent the proper exercise of one's official duties.
2. Directors and employees shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through the director's or employee's official position that could create any conflict between their public duties and interests and their private interests.
3. Directors and employees shall not accept or receive any gift or gratuities where the circumstances would permit the inference that: (a) the gift is intended to influence the individual in the performance of official business or (b) the gift constitutes a tip, reward, or sign of appreciation for any official act by the individual. This prohibition extends to any form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the Authority.
4. Directors and employees shall not use or attempt to use their official position with the Authority to secure unwarranted privileges for themselves, members of their family or others, including employment with the Authority or contracts for materials or services with the Authority.
5. Directors and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
6. Directors and employees may not engage in any official transaction with an outside entity in which they have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.
7. Directors and employees shall manage all matters within the scope of the Authority's mission independent of any other affiliations or employment. Directors, including ex officio board members, and employees employed by more than one government shall strive to fulfill their professional responsibility to the Authority without bias and shall support the Authority's mission to the fullest.

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8. Directors and employees shall not use Authority property, including equipment, telephones, vehicles, computers, or other resources, or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law or policy and the Authority's mission and goals.

9. Directors and employees are prohibited from appearing or practicing before the Authority for two (2) years following employment with the Authority, consistent with the provisions of Public Officers Law.

Implementation of Code of Ethics

This Code of Ethics shall be provided to all directors and employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee.

The board may designate an Ethics Officer, who shall report to the board and shall have the following duties:

- Counsel in confidence Authority directors and employees who seek advice about ethical behavior.
- Receive and investigate complaints about possible ethics violations.
- Dismiss complaints found to be without substance.
- Prepare an investigative report of their findings for action by the Chief Executive Officer or the board.
- Record the receipt of gifts or gratuities of any kind received by a director or employee, who shall notify the Ethics Officer within 48 hours of receipt of such gifts and gratuities.

Penalties

In addition to any penalty contained in any other provision of law, an Authority director or employee who knowingly and intentionally violates any of the provisions of this code may be removed in the manner provided for in law, rules or regulations.

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Reporting Unethical Behavior

Employees and directors are required to report possible unethical behavior by a director or employee of the Authority to the Ethics Officer. Employees and directors may file ethics complaints anonymously and are protected from retaliation by the policies adopted by the Authority.

9. Assessment of the effectiveness of the Corporation's internal control structure and procedures.

The financial statements of RenTASC for the year ended December 31, 2009 are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained elsewhere in this annual report is consistent with the financial statements.

RenTASC has established an internal control structure. The objectives of an internal control structure are to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management and the independent auditors.

Drescher & Malecki, Certified Public Accountants have audited RenTASC financial statements. Management has made available to Drescher & Malecki, all the financial records and related data of RenTASC, as well as providing access to all the minutes of the meetings of the Board of RenTASC. The role of the auditors is to provide an independent review of management's responsibility to present fairly in the financial statements the financial position, changes in its financial position and cash flows in accordance with accounting principles generally accepted in the United States of America.

The independent audit included a review of the internal control structure, tests of accounting records, and other procedures, which the independent auditors considered necessary in order to express an opinion on the fairness of the presentation of the financial statements.



Michael Slawson
President/CEO

Stephen A. Pechenik
Treasurer/CFO

**CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
AND THE CHIEF FINANCIAL OFFICER**

RENSSELAER TOBACCO ASSET SECURITIZATION CORPORATION

The undersigned chief executive officer and chief financial officer of Rensselaer Tobacco Asset Securitization Corporation, a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certify, pursuant to subdivision 3 of Section 2800 of the Public Authorities Law, as follows:

The financial information provided within the Annual Report of the Rensselaer Tobacco Asset Securitization Corporation (the "Corporation"), dated as of May 14, 2010, (the "Annual Report"), is accurate, correct and does not contain any untrue statement of material fact. The Annual Report does not omit any material fact which, if omitted, would cause the report to be misleading in the light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly represents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in said report.

The Annual Report is hereby approved.

IN WITNESS WHEREOF, the undersigned chief executive officer and chief financial officer have executed this Certificate as of this 14TH day of May, 2010.



Michael Slawson
President/CEO



Stephen A. Rechenik
Treasurer/CFO