

## BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY

### Minutes of July 11, 2007 Meeting

The Buckeye Tobacco Settlement Financing Authority (the Authority) held a meeting commencing at 3:00 p.m. on Wednesday, July 11, 2007, in the 35th Floor Conference Room A, Office of Budget and Management, James A. Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, pursuant to notice of meeting given by the Secretary of the Authority pursuant to section 4.2 of Bylaws.

[Copies of the items marked \* are attached hereto and made a part of these minutes.]

The Chairman called the meeting to order.

Mr. Kauffman, the Assistant Secretary, reported that the written designation of David Ellis for the Office of Budget and Management, pursuant to Section 2.1 of the Bylaws, was filed with the Secretary.

Pursuant to Section 3.1 of the Bylaws, Mr. Markus presided as Chair of the meeting. Upon roll call, the Chairman declared a quorum to be present. The following members and designee of the member of the Authority, eligible to vote at the meeting, were present during the meeting:

Kent Markus, Office of the Governor  
Richard Cordray, Treasurer of State  
J. Pari Sabety, Director of Budget and Management

Also present were Mike Deemer (assistant Attorney General to the Authority), Kurt Kauffman (Assistant Secretary), Jake Wozniak (Assistant Treasurer), Paula Hicks-Hudson and Larry Scurlock (Office of Budget and Management); Chris Glaros and Holly Hollingsworth (Office of the Treasurer of State); Keith Dailey (Office of the Governor), Kip Wahlers (Calfee, Halter & Griswold LLP), Mike Roth and Laura Takeshta (Bank of New York), John Kulewicz, Fred Ransier and Herb Hedden (Vorys, Sater, Seymour & Pease), Matt Whatley (Ohio Senate), Tim Keen (Auditor of State) and various news and media organizations.

The Assistant Secretary filed the certificate\* of compliance with the public meeting notice provisions of Section 121.22 of the Revised Code.

The Chair asked for a motion regarding the approval and distribution of the draft Request for Proposals (RFP) for financial advisory (FA) services. Treasurer Cordray so moved, seconded by the Secretary, and the Authority entered into a discussion on the motion. The Secretary began by describing the process by which the RFP was developed, noting that a recent FA RFP prepared by the Ohio Public Facilities Commission provided the foundation and that several Tobacco FA RFPs from other states were examined. The Secretary then reviewed the scope of services, minimum requirements and evaluation criteria. The Secretary also noted it will be incumbent on the selected financial advisor to assist the Authority in managing its workflow. Mr. Kauffman noted that the RFP's questions have been tailored to address tobacco securitization issues and the processes involved in managing large and complex transactions. Treasurer Cordray commented that the approach overall is straightforward and that while the tobacco bond sale is unique, the RFP process

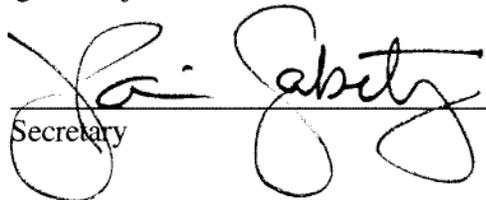
is common place and also used in Ohio Public Facilities Commission financings. Treasurer Cordray noted that the Authority should select an experienced firm and that including the fee as part of the selection criteria adds to the process. Treasurer Cordray further commented that he is appreciative of the work done and is highly approving. The Chairman concurred saying that while fees are critical, they are not the be all and end all and that the Authority was looking for the lowest and best bid from a highly qualified firm. The Secretary added that good communication was necessary for a successful transaction and that the RFP included a question on the best way to accomplish that.

Following the discussion, the Chair asked for a clarification on the motion to determine the motion addressed both actions outlined in the agenda or if two separate motions would be made. Treasurer Cordray as maker of the motion indicated that two separate motions would be preferable and then moved, seconded by the Secretary, to approve the FA RFP and authorize its distribution (and related advertising of its availability) by the Secretary. The motion was approved upon roll call as follows: Ayes – Sabety; Cordray, Markus Nays - None. The Chair declared the motion passed.

Treasurer Cordray then moved, seconded by the Secretary, to direct staff to review and evaluate statements received and submit resulting recommendations to the Authority. Mr. Kauffman reported that the RFP would be advertised in the Bond Buyer and posted on OBM's website. The motion was approved upon roll call as follows: Ayes – Sabety; Cordray, Markus Nays - None. The Chair declared the motion passed.

The Chair then opened up discussion of the schedule\* for the evaluation and selection of professional services. Mr. Wozniak, the Assistant Treasurer, began by reviewing the major steps in the schedule noting it has been structured to include the financial advisor in the process of selecting other professional services and that it generally allows six-to-eight days for firms to respond to the various RFPs. The Secretary then noted the bond market is and has been acutely aware of the pending transaction and that allowing six or seven days for a firm to respond was sufficient. In response to a question from the Secretary, Mr. Wozniak stated each proposal will be distributed to Authority members and staff would evaluate the proposals and solicit input from each member prior to providing results and recommendations in a qualitative format. Responding to a question from the Chair, Treasurer Cordray stated that once all professional services have been selected, it would take approximately six-to-eight weeks before the Authority could enter the market. The Secretary further noted that due to the large size of this transaction, other tobacco deals would move out of the way. Treasurer Cordray reiterated that the Authority is on a tight schedule and would endeavor to meet the dates on the schedule. Finally, Mr. Kauffman reported that schedule would be posted to the Authority's website, and at the suggestion of the Chair, the schedule would be marked as draft, subject to change.

There being no further business, the meeting was adjourned.

  
Secretary



## **THE BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY**

**RICHARD CORDRAY, Treasurer**  
Treasurer of State

**TED STRICKLAND, Chairman**  
Governor

**J. PARI SABETY, Secretary**  
Director of Budget and Management

### **CERTIFICATION REGARDING NOTIFICATION OF MEETING TO THE PUBLIC AND NEWS MEDIA**

The undersigned, Assistant Secretary of the Buckeye Tobacco Settlement Financing Authority, hereby certifies that the notice of the time, place and purposes of the meeting of the Authority of July 11, 2007 at 3:00 p.m. was posted on July 9, 2007 in the State House press room, the Office of Budget and Management (34<sup>th</sup> Floor, 30 East Broad Street), and the Office of the Treasurer of State (9<sup>th</sup> Floor, 30 East Broad Street), all in accordance Section 121.22 of the Revised Code and the Open Meetings Rule for notification of meetings to the public and news media adopted by the Authority July 2, 2007.

Dated: July 11, 2007

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Kurt Kauffman  
Assistant Secretary of the  
Buckeye Tobacco Settlement Financing Authority

**\*\* Public Meeting Notice \*\***

July 9, 2007

TO: Members of the Buckeye Tobacco Settlement Financing Authority and their designees

Ted Strickland, Governor  
Richard Cordray, Treasurer of State

Kent Markus  
Chris Glaros  
Kurt Kauffman  
(my designee)

FROM: J. Pari Sabety, Secretary of the Buckeye Tobacco Settlement Financing Authority

SUBJECT: **Meeting on Wednesday, July 11, 2007, at 3:00 p.m.  
in Conference Room A of the Office of Budget and Management  
(35<sup>th</sup> Floor, Rhodes State Office Tower)**

Pursuant to the Bylaws of the Buckeye Tobacco Settlement Financing Authority, I am notifying you of the next meeting of the Authority to be held on July 11, 2007, at 3:00 p.m. in Conference Room A of the Office of Budget and Management (35<sup>th</sup> Floor, Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio). The Authority will consider and act on a motion to release a Request for Proposals (RFP) for financial advisory services. The Authority will also discuss a draft timeline for the release of additional RFPs and the selection of firms to provide the professional services necessary for the proposed tobacco securitization.

If you or members of your staff have any questions, please contact me or Kurt Kauffman of my staff at 466-0691.

cc. Marc Dann, Attorney General  
Mike Deemer, Chief Deputy Attorney General for Governmental Affairs  
Jake Wozniak, Assistant Treasurer

# The Buckeye Tobacco Settlement Financing Authority

## Draft Schedule -- 7/11/2007 (Subject to Change)



July 07							August 07						
M	T	W	T	F	S	S	M	T	W	T	F	S	S
						1			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28	29	30	31		
30	31												

Day	Date	Time	Event	Action
Monday	7/02/07	2pm	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Adoption of By-laws and Open Meetings Rule.</li> <li>2) Designation of alternate members</li> <li>3) Appointment of officers</li> </ol>
Wednesday	7/11/07	3pm	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Accept comments and release FA RFP</li> <li>2) Review preliminary transaction schedule</li> </ol>
Tuesday	7/17/07	1pm	FA proposals due	<ol style="list-style-type: none"> <li>1) Distribute FA proposals for review</li> </ol>
Monday	7/23/07	10:30am	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Select FA</li> </ol>
Tuesday	7/31/07			<ol style="list-style-type: none"> <li>1) Distribute transaction and disclosure counsel draft RFP(s) for review</li> <li>2) Distribute draft underwriter RFP for review</li> </ol>
Thursday	8/2/07	2pm	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Accept comments and release transaction and disclosure counsel RFP(s)</li> <li>2) Accept comments and release underwriter RFP</li> </ol>
Wednesday	8/08/07	1pm	Transaction counsel proposals due	<ol style="list-style-type: none"> <li>1) Distribute transaction and disclosure counsel proposals for review</li> </ol>
Thursday	8/09/07	1pm	Underwriter proposals due	<ol style="list-style-type: none"> <li>1) Distribute underwriter proposals for review</li> </ol>
Thursday	8/16/07	2pm	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Select transaction and disclosure counsel</li> </ol>
Tuesday	8/28/07	2pm	<b>Authority meeting</b>	<ol style="list-style-type: none"> <li>1) Select underwriting team</li> <li>2) Discuss verification agent, trustee &amp; printer bid process</li> </ol>
Wednesday	8/29/07		Transaction kick-off meeting	<ol style="list-style-type: none"> <li>1) Engage consumption consultant (Global Insight)</li> <li>2) Discuss document preparation and financing schedule and documents</li> <li>3) Initial bond structuring discussion</li> <li>4) Release verification agent, trustee &amp; printer bids</li> </ol>