

BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY

Minutes of November 22, 2019 Meeting

The Buckeye Tobacco Settlement Financing Authority (the Authority) held a meeting commencing at 2:30 p.m. on Friday, November 22, 2019, in the 35th Floor Conference Room, Office of Budget and Management (OBM), 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 its Bylaws.

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

The Chairman called the meeting to order.

Ms. Kimberly Murnieks, Director of OBM and Secretary of the Authority, reported that a new designation had been filed since the last meeting of the Authority. Ms. Murnieks revoked her previous designation and designated Kathleen Madden to serve as Secretary in her absence.

Pursuant to Section 183.52 of the Revised Code and Section 3.1 of the Bylaws, Mr. Danish presided as Chair of the meeting. Upon roll call, the Chair declared a quorum to be present. The following members or the designees of members of the Authority, eligible to vote at the meeting, were present:

John Danish, Office of the Governor

Kimberly Murnieks, Office of Budget and Management

Jonathan Azoff, Office of the Treasurer of State

Ms. Murnieks then recommended that the Authority should revoke its previous appointment of Kurt Kauffman as Assistant Secretary and recommended that the Authority appoint OBM employee, Michael Babin, as Assistant Secretary to the Authority. Mr. Danish then moved to accept the recommendation. Mr. Azoff seconded the motion of the Chair. Upon roll call, the motion was approved as follows: Ayes – Danish, Azoff, and Murnieks; Nays – None. The Chair declared the motion passed.

The Assistant Secretary filed the certificate of compliance* with the public meeting notice provisions of Section 121.22 of the Revised Code and requirements of the Authority in Article 4 of the Bylaws.

Mr. Danish requested approval of the June 21, 2019 meeting minutes. Mr. Azoff moved for approval, seconded by Ms. Murnieks. There being no further discussion, the motion was approved upon roll call as follows: Ayes – Danish, Murnieks, and Azoff; Nays – None. The Chair declared the motion passed.

At the invitation of the Chair, Bethany Pugh and Daniel Kozloff, representatives from the Authority's Municipal Advisor, PFM Financial Advisors (PFM), presented on the viability of a restructuring of Tobacco Settlement Asset-Backed Bonds (Bonds).

Mr. Kozloff began by giving a brief background on the Bonds issued by the Authority in 2007 and how they were originally structured. Mr. Kozloff noted that domestic consumption of cigarettes has been lower than original projections and a restructuring of the current Bonds securitized by these receipts may improve the resiliency of the outstanding obligations. Mr. Kozloff explained that the current environment of the general municipal market, and that of the specific tobacco/high yield

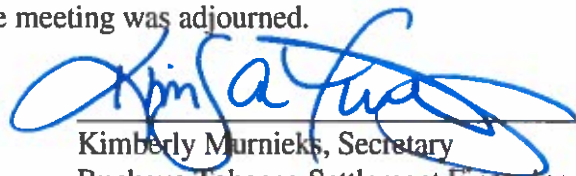
market, presents a unique opportunity for the Authority to explore a refunding of the existing Bonds. He further stated that the Authority has received proposals from two of the primary participants in the tobacco securitization sector, Citi and Jefferies, for such a refunding, and noted that the personnel that currently make up those firms' respective teams were joint managers on the 2007 issuance of the Bonds. Mr. Azoff asked, and Mr. Kozloff clarified that the State would not be taking on any additional risk in either's refunding proposals, and that this opportunity is purely market-driven based upon favorable rates in general. Ms. Murnieks clarified, and Mr. Kozloff agreed, that if the markets should turn unfavorable between this meeting and any potential future refunding date, that the State is in no way obligated to continue forward with such a transaction. Mr. Kozloff detailed that both proposing firms are well-qualified to lead any potential transaction, and that in order to best leverage the specific strengths of both firms, PFM recommended the Authority appoint Citi and Jefferies as Joint Lead Managers to explore a restructuring of the Bonds. Additionally, Mr. Kozloff relayed that it was also PFM's recommendation that, to further facilitate a transaction, the Authority should release RFP's for transaction counsel and additional underwriting services, in order to properly execute a potential deal of this size.

Following the presentation, Mr. Danish moved, and Ms. Murnieks seconded a motion to accept the recommendation of PFM to appoint Citi and Jefferies as Joint Lead Managers to explore a restructuring of Tobacco Settlement Asset-Backed Bonds. There being no further discussion, the motion was approved upon roll call as follows: Ayes – Danish, Murnieks, and Azoff; Nays – None. The Chair declared the motion passed.

Next, Mr. Danish moved, and Ms. Murnieks seconded a motion to: direct the Treasurer and staff of his office to draft and distribute an RFP (including advertising its availability) to serve as a co-senior manager, co-manager, or selling group member on a restructuring of the Authority's outstanding Tobacco Settlement Asset-Backed Bonds, Series 2007; and to authorize the Treasurer and staff of his office to review and evaluate the proposals received for their compliance with the RFP and to select and execute an agreement on behalf of the Authority with those firms having submitted the best proposals based on the criteria set-forth in the RFP. There being no further discussion, the motion was approved upon roll call as follows: Ayes – Danish, Murnieks, and Azoff; Nays – None. The Chair declared the motion passed.

Mr. Danish moved, and Mr. Azoff seconded a motion to: direct the Secretary and staff of her office to draft and distribute an RFP (including advertising its availability) to serve as a transaction counsel and co-transaction counsel on a restructuring of the Authority's outstanding Tobacco Settlement Asset-Backed Bonds, Series 2007; and to authorize the Secretary and staff of her office to review and evaluate the proposals received for their compliance with the RFP and to select and execute an agreement on behalf of the Authority with those firms having submitted the best proposals based on the criteria set-forth in the RFP, pursuant to section 183.51 (E) of the Revised Code and in consultation with the Attorney General. There being no further discussion, the motion was approved upon roll call as follows: Ayes – Danish, Murnieks, and Azoff; Nays – None. The Chair declared the motion passed.

There being no further business, the meeting was adjourned.



Kimberly Murnieks, Secretary
Buckeye Tobacco Settlement Financing Authority



Mike DeWine, Chairman
Governor

Kimberly Murnieks, Secretary
Director of Budget and Management

Robert Sprague, Treasurer
Treasurer of State

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 December 23, 2019 at 3:00 p.m. was posted on Thursday, December 19, 2019 in the State House press room, the Office of Budget and Management (34th Floor, 30 East Broad Street), and the Office of the Treasurer of State (9th 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: December 23, 2019



Michael W. Babin
Assistant Secretary of the
Buckeye Tobacco Settlement Financing Authority