



BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY

Minutes of February 13, 2020 Meeting

The Buckeye Tobacco Settlement Financing Authority (Authority) held a meeting commencing at 11:00 a.m. on Thursday, February 13, 2020, 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.

On behalf of the Secretary, Michael Babin, Assistant Secretary, reported that no new written designations, pursuant to Section 2.1 of the Bylaws, were filed since the last meeting of the Authority.

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

Mr. Babin 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 December 23, 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, Diane Chime, staff of the Authority, presented on progress made toward exploring a restructuring of Tobacco Settlement Asset-Backed Bonds. Ms. Chime explained that since the last meeting, in accordance with Authority direction, the Secretary selected Orrick, Herrington & Sutcliffe LLP as Transaction Counsel and Squire Patton Boggs as Co-Transaction Counsel and the Treasurer selected the members of the underwriting syndicate. Ms. Chime relayed that staff also engaged S&P Global to conduct a rating process for a portion of the potential restructuring. Finally, Ms. Chime stated that staff recommended that the Authority approve Resolution 2020-1*.

Next, the Chair invited, Kym Arnone, representative from the Authority's Joint Lead Manager, Jefferies LLC, presented on the proposed transaction structure and gave both a general market update then an update on the tobacco and fixed-income markets explaining that for both the taxable and tax-exempt sides of this transaction, the markets are at near historic lows and provides an optimal time to conduct such a restructuring. Ms. Arnone, in answering a question from Mr. Azoff, stated that, in her opinion, there would be tremendous market appetite for these the Authority's restructuring bonds, should they choose to authorize such a transaction. Ms. Arnone added that the proposed structure does not contemplate the State of Ohio putting in any new revenue streams or

adding additional credit support into a transaction and that the potential savings and resiliency created is attributed solely to the favorable market conditions.

Following that presentation, at the invitation of the Chair, Bethany Pugh, representative from the Authority's Municipal Advisor, PFM Financial Advisors (PFM), presented on the market viability of proposed structure. Ms. Pugh stated that based upon the continuation of the market dynamic discussed by Ms. Arnone, as well as the viability of the structure given the supply demand dynamic and technicals in the market at present, PFM believes that this proposed transaction is viable and has the ability to meet Authority stated objectives of increasing bond resiliency while also optimizing potential residual revenue back to the State.

Next, the Chair invited, Allison Binkley, representative from the Authority's Co-Transaction Counsel, Squire Patton Boggs, to provide an overview of Resolution 2020-1, to authorize the issuances of not to exceed \$5.75 billion in bonds to refund a portion, if not all, of the 2007 bond issued by the Authority. Ms. Binkley reiterated that the Resolution makes it very clear that the bonds are to be secured solely by the tobacco revenues received by the State under the tobacco Master Settlement Agreement, just like the 2007 bonds, and not general obligation bonds. Ms. Binkley in answering a question from the Authority, reassured that all parties working on the transaction are to be paid from the proceeds of the transaction as cost of issuance, and that no taxpayer dollars would be used for that purpose.

After a brief discussion following the presentations, Mr. Danish moved, and Ms. Murnieks seconded a motion to adopt Resolution 2020-1. 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, Ms. Chime again presented on the necessity to finalize Underwriters' compensation and market credit allocations after completion of the sale and recommended that the Authority delegate these responsibilities to the Secretary. After a brief discussion, Mr. Danish moved, and Mr. Azoff seconded a motion to delegate to the Secretary and hereby authorize her to finalize the compensation and market credit allocations for the Underwriters on the transaction. 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



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 February 13, 2020 at 11:00 a.m. was posted on Monday, February 10, 2020 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: February 13, 2020

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

RESOLUTION NO. 2020-1

Series 2020 Bond Resolution Providing for the Issuance and Sale of Not to Exceed \$5,750,000,000 of Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020

WHEREAS, the Buckeye Tobacco Settlement Financing Authority (the "Authority"), created under Sections 183.51 and 183.52 of the Ohio Revised Code (the "Act") as a body, both corporate and politic, constituting a public body, agency, and instrumentality of the State of Ohio (the "State") and performing essential functions of the State, is authorized and empowered to, among other things, issue tobacco settlement backed obligations in an aggregate principal amount of \$6,000,000,000 (exclusive of obligations issued under Section 183.51(M)(1) of the Ohio Revised Code to refund, renew, or advance refund other obligations issued or incurred) for certain purposes set forth in the Act; and

WHEREAS, pursuant to the Act, the Authority previously issued its \$5,531,594,541 Tobacco Settlement Asset-Backed Bonds, Series 2007 (the "Series 2007 Bonds") for the purpose of purchasing all or a portion of the amounts to be received by the State under the tobacco master settlement agreement (as defined in the Act), funding deposits to certain special funds pursuant to the applicable bond proceedings and paying the costs of issuance, and the State used the proceeds from the sale of those amounts for the purpose of paying costs of capital facilities for a system of common schools throughout the State and state-supported or state-assisted institutions of higher education; and

WHEREAS, in connection with the issuance of the Series 2007 Bonds, the Authority entered into a Trust Indenture dated as of October 1, 2007 (the "Original Trust Indenture") by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue tobacco settlement backed obligations for the purpose of funding, refunding, or advance refunding, or other provision for payment, of obligations that will then no longer be outstanding for purposes of the Act; and

WHEREAS, pursuant to the Act, the Authority has determined that in order to achieve interest rate savings and restructure all or a portion of the debt service of Series 2007 Bonds to improve the resiliency of the Series 2007 Bonds and the Series 2020 Bonds it is desirable to refund all or a portion of the outstanding Series 2007 Bonds through redemption and defeasance, the payment of the purchase price thereof and cancellation, or the cancellation of certain of the Series 2007 Bonds in exchange for Series 2020 Bonds (as defined hereafter); and

WHEREAS, the Underwriters have proposed that the Authority refund and defease all or a portion of the Series 2007 Bonds and that the holders of certain Series 2007 Bonds that are First Subordinate Bonds and/or Second Subordinate Bonds (i) sell such Series 2007 Bonds to the Authority for purchase and cancellation (the "Series 2007 Purchased Bonds") or (ii) exchange such Series 2007 Bonds for a lesser aggregate principal amount of Series 2020 Bonds (the "Series 2007 Exchanged Bonds"), each maturing on those dates and bearing interest at those rates determined by the Authority to be in the best interests and financially advantageous to the Authority, which proposal would result in debt service savings to the Authority; and

WHEREAS, the Authority desires to authorize and proceed with the issuance of its Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), in one or more series, in an initial aggregate principal amount not to exceed \$5,750,000,000 for the purpose of (i) refunding all or a portion of the Series 2007 Bonds as follows: (x) all or a portion of the Series 2007 Bonds (including Series 2007 Bonds that are Senior Bonds, First Subordinate Bonds and/or Second Subordinate Bonds) through redemption and defeasance, (y) the Series 2007 Purchased Bonds, if any, through payment of the purchase price thereof and cancellation, and (z) the Series 2007 Exchanged Bonds, if any, through issuance of Series 2020 Bonds in exchange for cancelling such Series 2007 Exchanged Bonds, (ii) funding deposits to certain special funds and (iii) paying costs of issuance incurred in connection with the issuance of the Series 2020 Bonds; and

WHEREAS, amounts on deposit in the Senior Liquidity Reserve Account securing the Series 2007 Bonds that are Senior Bonds, upon the issuance of the Series 2020 Bonds, shall be applied to the defeasance of the Series 2007 Bonds; and

WHEREAS, in connection with the issuance of the Series 2020 Bonds, the Authority has determined that it is necessary to amend the Original Trust Indenture and to execute and deliver an amended and restated trust indenture (the "Amended and Restated Trust Indenture") by and between the Authority and the Trustee; and

WHEREAS, the Authority desires to authorize and proceed with the issuance of its Series 2020 Bonds, in one or more series, in an initial aggregate principal amount not to exceed \$5,750,000,000 and in connection with that issuance and sale, to adopt this Resolution, to enter into the Amended and Restated Trust Indenture, including a supplemental indenture relating to the Series 2020 Bonds (the "Series 2020 Supplement"), to enter into the Continuing Disclosure Undertaking, to execute and deliver Series 2020 Bonds, the Bond Purchase Contract and an Exchange Agreement, if any, to authorize the use and distribution of a Preliminary Offering Circular and to authorize the execution and delivery of a final Offering Circular and to execute and deliver certain other statements, documents and instruments upon the terms set forth in this Resolution and those documents and instruments;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY, as follows:

Section 1. Definitions. For purposes of this Resolution the term "Authorized Officer" shall mean any Member of the Authority (and, to the extent permitted by the Act, any Member's designee in that Member's absence). All other terms used herein (including in the recitals) and not otherwise defined shall have the respective meanings given in the Amended and Restated Trust Indenture, the 2007 Purchase and Sale Agreement (as defined hereafter) or the Act.

Section 2. Findings. It is hereby ascertained, determined and declared that:

(a) The Authority was created under the Act to, among other purposes, acquire from the State the 2007 Sold Tobacco Receipts.

(b) Pursuant to the Act and under the 2007 Purchase and Sale Agreement, dated as of October 1, 2007 (the "2007 Purchase and Sale Agreement") between the State of Ohio (the "State") and the Authority, the State sold to the Authority, and the Authority accepted and purchased, all right, title and interest of the State in and to the "2007 Sold Tobacco Receipts," which consist of 100% of the tobacco settlement payments made by the tobacco manufacturers to or for the account of the State under the terms of the Master Settlement Agreement entered into on November 23, 1998 (the "MSA") by participating cigarette manufacturers, 46 states (including the State) and six other U.S. jurisdictions in settlement of certain cigarette smoking-related litigation after the delivery date of the Series 2007 Bonds (October 29, 2007).

(c) The Authority paid for the purchase price of the 2007 Sold Tobacco Receipts with the net proceeds of the Series 2007 Bonds and the residual interest represented by the Residual Certificate.

(d) The 2007 Sold Tobacco Receipts are pledged to and subject to a lien under the Amended and Restated Trust Indenture to secure the Series 2007 Bonds, the Series 2020 Bonds and any other Bonds issued under the Amended and Restated Trust Indenture.

(e) The Series 2020 Bonds will not be issued until all conditions relating to the issuance of Series 2020 Bonds under the Amended and Restated Trust Indenture and the 2007 Purchase and Sale Agreement have been met or waived by an Authorized Officer.

(f) It is in the best interests of the Authority to refund all or a portion of the outstanding Series 2007 Bonds, including purchasing and cancelling or exchanging and cancelling certain of the Series 2007 Bonds.

Section 3. Authorization of the Series 2020 Bonds; Use of Proceeds. This Authority finds and determines that it is necessary to, and the Authority shall, issue, sell and deliver, as provided and authorized herein and pursuant to the Act, the Series 2020 Bonds, in one or more series, in an initial aggregate principal amount not to exceed \$5,750,000,000, for the purpose of (i) refunding all or a portion of the Series 2007 Bonds as follows: (x) all or a portion of the Series 2007 Bonds (including Series 2007 Bonds that are Senior Bonds, First Subordinate Bonds and/or Second Subordinate Bonds) through redemption and defeasance, (y) the Series 2007 Purchased Bonds, if any, through payment of the purchase price thereof and cancellation (such Series 2007 Bonds being refunded as described in clauses (x) and (y), collectively, the "Series 2007 Refunded Bonds"), and (z) the Series 2007 Exchanged Bonds, if any, through issuance of Series 2020 Bonds in exchange for cancelling such Series 2007 Exchanged Bonds, (ii) funding deposits to certain special funds and (iii) paying costs of issuance incurred in connection with the issuance of the Series 2020 Bonds. The Series 2020 Bonds shall be issued in accordance with the Act, the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto) and this Resolution.

Section 4. Terms and Provisions of the Series 2020 Bonds.

(a) **General.** The Series 2020 Bonds shall be issued and secured under the terms of the Amended and Restated Trust Indenture. The Series 2020 Bonds shall be (i)

designated "Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds", (ii) initially issued only in fully registered form, substantially as set forth in the Amended and Restated Trust Indenture, (iii) numbered in such manner as determined by an Authorized Officer to distinguish each Series 2020 Bond from any other Series 2020 Bond, (iv) dated as provided in the Amended and Restated Trust Indenture, (v) executed and authenticated as provided in the Amended and Restated Trust Indenture, (vi) initially issued in the name of The Depository Trust Company ("DTC") or its nominee, as registered owner, and immobilized in the custody of DTC or its designated agent, and (vii) transferable or exchangeable in accordance with the Amended and Restated Trust Indenture. The Secretary (or, in the absence of the Secretary, any other Authorized Officer) shall determine in the certificate awarding the Series 2020 Bonds (the "Certificate of Award") (i) those outstanding Series 2007 Bonds that are Series 2007 Refunded Bonds and Series 2007 Exchanged Bonds, (ii) the amounts of the purchase price to be paid by the Authority for the Series 2007 Purchased Bonds provided that such purchase price shall not exceed 100% of the accreted value of the Series 2007 Purchased Bonds, and (iii) the exchange ratio of the accreted value of the Series 2007 Exchanged Bonds to the principal amounts of the Series 2020 Bonds issued in exchange therefor will be less than 100%.

(b) **Principal Amount.** The principal amount of the Series 2020 Bonds of each class, series and subseries to be issued shall be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award in accordance with that Authorized Officer's determination of the best interest of and financial advantages to the Authority; provided, however, that the initial aggregate principal amount of Series 2020 Bonds to be issued shall not exceed \$5,750,000,000.

(c) **Principal Maturities and Interest Rates.** The Series 2020 Bonds shall mature on the dates and in the years and the principal amounts to be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award; provided that the final principal maturity may not be later than the thirty-first day of December of the fiftieth calendar year after the year in which the Series 2007 Bonds were issued. The Series 2020 Bonds shall be issued as Tax-Exempt Bonds or Taxable Bonds and may consist of Capital Appreciation Bonds, Current Interest Bonds, Serial Bonds, Term Bonds, Turbo Term Bonds, or as otherwise provided in the Amended and Restated Trust Indenture (or any combination thereof) all as to be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award, having due regard to the best interest of and financial advantage to the Authority. The Series 2020 Bonds shall bear interest or accrete interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from their Delivery Date, at the rates per annum to be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award.

(d) **Redemption.**

(1) **Fixed Sinking Fund Installments.** The Series 2020 Bonds of one or more maturities or series or subseries may be subject to Fixed Sinking Fund Installments prior to maturity, in accordance with the Fixed Sinking Fund Installment requirements of the Amended and Restated Trust Indenture or the Series 2020 Supplement thereto, on the dates and in the

amounts to be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award, consistent with that Authorized Officer's determination of the best interest of and financial advantages to the Authority.

(2) **Turbo Redemptions.** The Series 2020 Bonds of one or more maturities or classes, series or subseries may be subject to Turbo Redemptions prior to maturity, in accordance with the requirements of the Amended and Restated Trust Indenture as set forth in the Series 2020 Supplement and/or the Certificate of Award.

(3) **Optional Redemption.** (a) The Series 2020 Bonds of one or more maturities or classes, series or subseries may be subject to optional redemption prior to maturity, in accordance with the provisions of the Amended and Restated Trust Indenture, on the dates, in the years and at the redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the redemption date, to be determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award; provided that any optional redemption at a price that exceeds 102% of the principal amount of the Series 2020 Bonds redeemed, or has an earliest optional redemption date later than December 1, 2032, shall not be effected without further action by the Board.

(b) If so designated in the Certificate of Award, the Series 2020 Bonds shall also be subject to redemption at the option of the Authority prior to their stated maturities at any time in whole or in part on any date, at a redemption price which will make the holders of such Series 2020 Bonds whole for the early redemption. The Certificate of Award shall specify the method by which the "make whole" redemption price shall be determined; provided that redemption at a price that exceeds 110% of the principal amount of the Series 2020 Bonds redeemed shall not be effected without further action by this Board.

(c) The Series 2020 Bonds may also be subject to any mandatory or optional clean-up call or redemption or any other redemption provision set forth in the Certificate of Award that is determined by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) in the Certificate of Award to be in the best interest of and financially advantageous to the Authority, provided that any redemption price for the earliest redemption date for such clean-up call or redemption (except for any Series 2020 Bonds subject to a make-whole call) shall not be greater than 102%; provided that redemption at a price that exceeds 102% of the principal amount of the Series 2020 Bonds redeemed shall not be effected without further action by this Board.

(e) **Security for the Series 2020 Bonds.** The Series 2020 Bonds shall constitute special obligations of the Authority, and the principal of and interest and any premium, if any, on the Series 2020 Bonds (collectively, "debt service") shall be payable solely from the Collateral, including the Pledged Tobacco Receipts, pledged under the Amended and Restated Trust Indenture to secure that payment.

The Series 2020 Bonds shall be issued as Senior Bonds secured by a pledge of the Collateral on a parity basis with any other Senior Bonds, except as indicated herein, and on a senior basis to any First Subordinate Bonds or Second Subordinate Bonds. The Senior Bonds may include Class 1 Senior Bonds and Class 2 Senior Bonds, distinguished by and payable in accordance with the Senior Bonds Payment Priorities as provided for in the Amended and Restated Trust Indenture. The Secretary (or, in the absence of the Secretary, any other Authorized Officer) shall designate each Series 2020 Bond to be a Class 1 Senior Bond or a Class 2 Senior Bond in the Certificate of Award. The Series 2020 Bonds shall not be general obligations of the State and the full faith and credit, revenue, and taxing power of the State shall not be pledged to the payment of debt service on the Series 2020 Bonds or to any guarantee of the payment of that debt service.

(f) **Certificate of Award.** The determination that terms applicable to the Series 2020 Bonds are in the best interest of and offer financial advantages to the Authority shall be conclusively evidenced by the Secretary's (or, in the absence of the Secretary, any other Authorized Officer's) execution of the Certificate of Award. The terms contained in the Certificate of Award may also be included in the Series 2020 Supplement.

Section 5. Appointment of Co-Managers and Members of Underwriting Syndicate and Sale of the Series 2020 Bonds.

(a) The Authority hereby appoints (i) KeyBank Capital Markets, Fifth Third Securities, Inc., Huntington Capital Markets, BofA Securities, Inc., J.P. Morgan Securities LLC and Loop Capital Markets as Senior Co-Managers and (ii) Raymond James & Associates, Inc., Barclays Capital Inc., Goldman Sachs & Co. LLC, Stifel, Nicolaus & Co., Inc., Siebert Williams Shank & Co., LLC, UBS Financial Services Inc., PNC Capital Markets LLC, Morgan Stanley & Co. LLC, Estrada Hinojosa & Company, Inc. and RBC Capital Markets as Co-Managers. Such Senior Co-Managers and Co-Managers, along with Jefferies LLC and Citigroup Global Markets Inc. as Joint Lead Managers, are collectively referred to herein as the "Underwriters".

(b) The Series 2020 Bonds shall be sold and awarded to Jefferies LLC and Citigroup Global Markets Inc., as representatives of the Underwriters, in accordance with the terms of this Resolution, the Amended and Restated Trust Indenture and the bond purchase contract by and between the Authority and Jeffries LLC and Citigroup Global Markets Inc., as representatives of the Underwriters (the "Bond Purchase Contract"), and at the purchase price specified in the Certificate of Award; provided, however, that in addition to the other limitations set forth in this Resolution, the (i) all-in true interest cost of the Series 2020 Bonds, determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the expected debt service payments on the Series 2020 Bonds to the anticipated Delivery Date for the Series 2020 Bonds, to the purchase price (less cost of issuance) to be paid on that Delivery Date, shall not exceed 7.0%; and (ii) aggregate underwriter compensation, inclusive of the takedown and all fees and expenses to be paid by the Underwriters, shall not exceed 0.6% of the initial aggregate principal amount of the Series 2020 Bonds. It is determined hereby that the purchase price and the manner of sale and the terms of the Series 2020 Bonds, as provided in this Resolution, the Bond Purchase Contract and the Amended and Restated Trust Indenture, are consistent with all legal requirements and will carry out the public purposes of the Act. Any Authorized Officer of the Authority is authorized and directed,

alone or together with any staff of the Authority or other Authorized Officer of the Authority, to make the necessary arrangements with the Underwriters to establish the date, location, procedures and conditions for the delivery of the Series 2020 Bonds to the Underwriters and to take all steps necessary or desirable to effect due execution, authentication and delivery of the Series 2020 Bonds to the Underwriters under the terms of this Resolution, the Amended and Restated Trust Indenture and the Bond Purchase Contract.

Section 6. Authorization of Execution and Delivery of Bond Proceedings.

Each Authorized Officer is hereby authorized, in the name of and on behalf of the Authority, to execute and deliver the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto) and a continuing disclosure undertaking (the "Continuing Disclosure Undertaking"), each in substantially the form now on file with the Secretary. Those forms of the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto), the Bond Purchase Contract and the Continuing Disclosure Undertaking are hereby approved with such changes therein as are not inconsistent with this Resolution or the Act and not materially adverse to the Authority and shall be approved by the Authorized Officer executing the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto) and the Continuing Disclosure Undertaking. The approval of any changes, and that those changes are not materially adverse to the Authority, shall be conclusively evidenced by the execution by any Authorized Officer of the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto) and the Continuing Disclosure Undertaking. Each Authorized Officer is hereby authorized, in the name of and on behalf of the Authority, to execute and deliver any purchase and sale agreement relating to the Series 2007 Exchanged Bonds between the Authority, the Trustee and the holders of those Series 2007 Exchanged Bonds (the "Exchange Agreement") necessary to effectuate the exchange and cancellation of the Series 2007 Exchanged Bonds. To the extent that it is determined by such Authorized Officer to be necessary in connection with the exchange and cancellation of the Series 2007 Exchanged Bonds, such officials are each authorized and directed to sign and deliver, in the name and on behalf of the Authority, the Exchange Agreement, in a form as is approved by the Authorized Officer signing the Exchange Agreement. The Exchange Agreement is approved, together with any changes or amendments that are not inconsistent with this Resolution and not substantially adverse to the Authority and that are approved by the Authorized Officer signing the Exchange Agreement on behalf of the Authority, all of which shall be conclusively evidenced by the signing of the Exchange Agreement.

Section 7. Authorization of Execution and Delivery of the Bond Purchase Contract. The Secretary (or, in the absence of the Secretary, any other Authorized Officer) is hereby authorized, in the name of and on behalf of the Authority, to execute and deliver the Bond Purchase Contract in substantially the form now on file with the Secretary. That form of the Bond Purchase Contract is hereby approved with such changes therein as are not inconsistent with this Resolution or the Act and not materially adverse to the Authority and shall be approved by the Authorized Officer executing the Bond Purchase Contract. The approval of any changes, and that those changes are not materially adverse to the Authority, shall be conclusively evidenced by the execution by the Secretary (or, in the absence of the Secretary, any other Authorized Officer) of the Bond Purchase Contract.

Section 8. Authorization of Execution and Delivery of and Distribution of Offering Circular. The Preliminary Offering Circular, in substantially the form now on file with the Secretary, is hereby approved with such changes as are not inconsistent with this Resolution or the Act and not materially adverse to the Authority. The Authority hereby authorizes the preparation and distribution and use of the Preliminary Offering Circular by the Underwriters and in connection with the public offering for sale of the Series 2020 Bonds. The Authority further authorizes that the Preliminary Offering Circular be deemed by an Authorized Officer to be “final” within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, and in furtherance thereof to execute a certificate evidencing the same, with such changes, insertions or deletions and such completion of blanks therein as the Authorized Officer executing the same, in his or her sole discretion, shall approve, such execution to be conclusive evidence of such approval. The use and distribution of the final Offering Circular in connection with the offering and sale of the Series 2020 Bonds by the Underwriters is hereby authorized. The Authority hereby authorizes and directs the execution and delivery of the final Offering Circular by an Authorized Officer, such final Offering Circular being substantially in the form of the Preliminary Offering Circular with such changes, insertions or deletions as such Authorized Officer executing the same, in his or her sole discretion, may approve, such execution to constitute conclusive evidence of such approval.

Section 9. Appointment of Trustee. The Authority hereby confirms that U.S. Bank National Association, acting directly or through a corporate trust affiliate, shall continue to be appointed as Trustee under the Amended and Restated Trust Indenture.

Section 10. Covenants of Authority. In addition to the other covenants and agreements of the Authority in the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto), the Continuing Disclosure Undertaking and the Bond Purchase Contract, the Authority, by issuance of the Series 2020 Bonds, covenants and agrees with the owners thereof that:

(a) The Secretary will furnish to the Underwriters and to the Trustee true transcripts of proceedings, certified by the Secretary, of all proceedings had with reference to the issuance of the Series 2020 Bonds together with such information from the Authority’s records as is necessary to determine the regularity and validity of such issuance;

(b) The Authority will observe and perform all of its agreements and obligations provided for by the Series 2020 Bonds, the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto), the 2007 Purchase and Sale Agreement, the Continuing Disclosure Undertaking and the Bond Purchase Contract. The Authority will, at any and all times, cause to be done all such further acts and things and cause to be executed and delivered all such further instruments as may be necessary to carry out the purposes of the Series 2020 Bonds, the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto), the 2007 Purchase and Sale Agreement, the Continuing Disclosure Undertaking and the Bond Purchase Contract, if any, or as may be required by the Act and will comply with all requirements of law applicable to the Authority and to the Series 2020 Bonds, the Amended and Restated Trust Indenture (including the Series 2020 Supplement thereto), the 2007 Purchase and Sale Agreement, the Continuing Disclosure Undertaking and the Bond Purchase Contract; and

(c) The Authority will restrict the use of the proceeds of the Series 2020 Bonds that are Tax-Exempt Bonds in such manner and to such extent, if any, as may be necessary so that such Series 2020 Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). An Authorized Officer of the Authority will give appropriate certificates of the Authority, for inclusion in the transcripts of proceedings for the Series 2020 Bonds, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Series 2020 Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Series 2020 Bonds. The Authority (i) will take or cause to be taken such actions which may be required of it for the interest on the Series 2020 Bonds that are Tax-Exempt Bonds to be and remain excluded from gross income for federal income tax purposes, and (ii) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (A) apply the proceeds of the Series 2020 Bonds to the governmental purposes of the borrowing, (B) restrict the yield on investments acquired with those proceeds, (C) make timely payments to the United States, (D) maintain books and records and make calculations and reports, and (E) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. Each Authorized Officer is hereby authorized to take any and all actions, make calculations and payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

Section 11. Provisions Relating to the Refunding of the Series 2007 Refunded Bonds.

(a) **Determination.** The Authority hereby determines to provide for the payment of the Principal or accreted value and interest on the Series 2007 Refunded Bonds under the Amended and Restated Trust Indenture and as provided in this Resolution.

(b) **Escrow Agent and Verification Agent.** U.S. Bank National Association is hereby appointed escrow agent (the "Escrow Agent") under the escrow agreement by and between the Authority and the Escrow Agent (the "Escrow Agreement"), and Causey Demgen & Moore P.C. is engaged to verify the mathematical accuracy of the schedules provided to demonstrate satisfaction of section 2.02(b) of the Original Trust Indenture, both pursuant to and consistent with their proposals to provide those services.

(c) **Application for SLGS.** If U.S. Treasury Securities – State and Local Government Series ("SLGS") are to be purchased for the Escrow Fund created under the Escrow Agreement, the Secretary (or, in the absence of the Secretary, any other Authorized Officer), is each hereby authorized and directed to authorize, on behalf of this Authority, the subscription for the purchase by an appropriate third party of those SLGS.

(d) **Bidding of Escrow Securities.** If determined by the Secretary to be in the best interests of and financially advantageous to the Authority to purchase Treasury Securities for deposit into the Escrow Fund, the Secretary may purchase and deliver such obligations, engage the services of a municipal advisor, bidding agent or similar entity for the purpose of facilitating the bidding, purchase and delivery of such obligations for, and any related structuring of, the Escrow Fund, on behalf of the Authority, and execute such instruments as are deemed necessary to engage

such services for such purpose, and provide further for the payment of the cost of obtaining such services, with such determination set forth in the Certificate of Award.

(e) **Escrow Account.** The Escrow Account is hereby created under the Amended and Restated Trust Indenture and held in trust for the purpose.

(f) **Escrow Agreement.** In order to further provide for that payment of the Series 2007 Refunded Bonds, the Secretary (or, in the absence of the Secretary, any other Authorized Officer) shall execute and deliver the Escrow Agreement substantially in the form to be submitted to the Authority.

(g) **Sources of Funds.** On the date of delivery and payment for the Series 2020 Bonds, the Treasurer or the Escrow Agent, as applicable, is directed to receive that portion of the proceeds of the Series 2020 Bonds described in Section 3, in accordance with the Amended and Restated Trust Indenture and this Resolution, as applicable.

Those proceeds of the Series 2020 Bonds shall, as to be further provided for in the Escrow Agreement, be invested, contemporaneously with the delivery of and payment for the Series 2020 Bonds, in direct obligations of the United States certified to be sufficient for the purposes of refunding the Series 2007 Refunded Bonds as provided in this Resolution, the Amended and Restated Trust Indenture and the Escrow Agreement.

(h) **Prior Redemption of Refunded Bonds.** Promptly after the delivery of and payment for the Series 2020 Bonds and the crediting to the Escrow Account established by the Escrow Agreement as provided in this Resolution, the Series 2007 Refunded Bonds shall be called for prior redemption on their earliest permitted call date. The Authority covenants with the Escrow Agent, and for the benefit of the holders of the Series 2007 Refunded Bonds and of the Series 2020 Bonds, that after delivery of the Series 2020 Bonds it will at no time take actions to modify or rescind that call for prior redemption, that it will take or cause to be taken all steps required by the terms of the Series 2007 Refunded Bonds and the Original Trust Indenture to make or perfect that call for prior redemption, and that in accordance with this Resolution, the Original Trust Indenture and the Escrow Agreement it will provide from the proceeds of the Series 2020 Bonds and other available sources, moneys and securities sufficient to provide for the payment, in accordance with the Original Trust Indenture and this Resolution, of all Principal and interest that will be due and payable on the Series 2007 Refunded Bonds on their redemption date, and all Principal of and interest on the Series 2007 Refunded Bonds payable in accordance with their terms prior to that redemption date.

Section 12. Further Authorizations.

(a) The Authorized Officers are each hereby authorized and directed, on behalf of the Authority, to execute the Series 2020 Bonds (including any temporary bond or bonds) and to re-execute the Residual Certificate, if determined by the Secretary to be necessary, as provided in the Amended and Restated Trust Indenture and the 2007 Purchase and Sale Agreement. Those Authorized Officers are hereby authorized and directed, upon the execution of the Series 2020 Bonds in the form and manner set forth in the Amended and Restated Trust

Indenture and herein, to deliver the Series 2020 Bonds in the amount authorized to be issued hereunder, to the Trustee for authentication and delivery to or upon order of the Underwriters pursuant to the Bond Purchase Contract, upon payment of the purchase price and upon compliance by the Underwriters with the terms of the Bond Purchase Contract. Those Authorized Officers are hereby further authorized and directed, upon the re-execution of the Residual Certificate, if determined to be necessary, to deliver the same to the State. The Authorized Officers are hereby further authorized to do all things necessary to provide for the issuance of the Series 2020 Bonds and the re-execution and delivery of the Residual Certificate.

(b) The Authorized Officers are each authorized and empowered, collectively or individually, to take all action and steps, to make and carry out such other determinations, and to execute all other instruments, documents and contracts on behalf of the Authority that are necessary or desirable in connection with the execution and delivery of the Series 2020 Bonds and the re-execution and delivery of the Residual Certificate, if necessary, and for carrying out the transactions and other matters contemplated by this Resolution, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution or the Act or any action relating to the Series 2020 Bonds or the Residual Certificate heretofore taken by the Authority.

(c) It is the intent of the Authority hereby to authorize the Authorized Officers to do all things, to take all actions, to make and carry out such other determinations, and to execute and deliver all agreements, certificates, instruments and other documents necessary or desirable in connection with the issuance of the Series 2020 Bonds and the Residual Certificate, the refunding of the Series 2007 Refunded Bonds and the exchange and cancellation of the Series 2007 Exchanged Bonds, and the performance of all agreements and covenants on the part of the Authority contained therein without the need for further action by the Members of the Authority.

(d) All actions heretofore taken with respect to the execution and delivery of the 2007 Purchase and Sale Agreement, including the execution and delivery thereof, are hereby ratified and confirmed.

Section 13. Appointment of Transaction Counsel and Co-Transaction Counsel.

(a) The legal services of the law firm of Orrick, Herrington & Sutcliffe LLP are hereby retained to serve as Transaction Counsel for the Series 2020 Bonds. Those legal services shall be in the nature of legal advice and recommendations as to the documents and the proceedings in connection with the authorization, sale and issuance of the Series 2020 Bonds and rendering at delivery related legal opinions. In providing those legal services, as an independent contractor and in an attorney-client relationship, that firm shall not exercise any administrative discretion on behalf of the Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the Authority, or the execution of public trusts. For those legal services that firm shall be paid just and reasonable compensation and shall be reimbursed for actual out-of-pocket expenses incurred in providing those legal services. Provided that the Series 2020 Bonds close, the Treasurer of the Authority is authorized and directed, to the extent they are not paid or reimbursed pursuant to the Certificate of Award and/or the Bond Purchase Contract, to make appropriate certification as to the availability of funds for

those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm.

(b) The legal services of the law firm of Squire Patton Boggs (US) LLP are hereby retained to serve as Co-Transaction Counsel for the Series 2020 Bonds. Those legal services shall be in the nature of legal advice and recommendations as to the documents and the proceedings in connection with the authorization, sale and issuance of the Series 2020 Bonds and rendering at delivery related legal opinions. In providing those legal services, as an independent contractor and in an attorney-client relationship, that firm shall not exercise any administrative discretion on behalf of the Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the Authority, or the execution of public trusts. For those legal services that firm shall be paid just and reasonable compensation and shall be reimbursed for actual out-of-pocket expenses incurred in providing those legal services. Provided that the Series 2020 Bonds close, the Treasurer of the Authority is authorized and directed, to the extent they are not paid or reimbursed pursuant to the Certificate of Award and/or the Bond Purchase Contract, to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm.

Section 14. Appointment of Municipal Advisor. The services of PFM Financial Advisors LLC, as municipal advisor, are hereby retained. The municipal advisory services shall be in the nature of financial advice and recommendations in connection with the issuance and sale of the Series 2020 Bonds. In rendering those municipal advisory services, as an independent contractor, that firm shall not exercise any administrative discretion on behalf of the Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the Authority or the execution of public trusts. That firm shall be paid just and reasonable compensation for those municipal advisory services and shall be reimbursed for the actual out-of-pocket expenses it incurs in rendering those municipal advisory services. Provided that the Series 2020 Bonds close, the Treasurer of the Authority is authorized and directed, to the extent they are not paid or reimbursed pursuant to the Certificate of Award and/or and the Bond Purchase Contract, to make appropriate certification as to the availability of funds for those fees and any reimbursement and to issue an appropriate order for their timely payment as written statements are submitted by that firm.


Section 15. Compliance with Open Meeting Requirements. This Authority hereby finds and determines that all formal actions of this Authority concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Authority, and that all deliberations of this Authority that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements including Section 121.22, Ohio Revised Code.

Section 16. Ratification. The actions of any member of the Authority, any member's designee, or any staff of any of the foregoing, as appropriate, in doing any and all acts necessary in connection with the issuance and sale of the Series 2020 Bonds, the refunding of the Series 2007 Refunded Bonds and the exchange and cancellation of the Series 2007 Exchanged Bonds are hereby ratified and confirmed.

Section 17. Effective Date. This Resolution shall be in full force and take effect immediately upon its adoption.

Adopted: February 13, 2020

Attest:



Secretary of the Buckeye Tobacco
Settlement Financing Authority