

BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY

Minutes of July 24, 2007 Meeting

The Buckeye Tobacco Settlement Financing Authority (the Authority) held a meeting commencing at 10:30 a.m. on Tuesday, July 24, 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 the 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 reported for the secretary that no new designations, pursuant to Section 183.52 of the Revised Code, were filed since the last meeting of the Authority.

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), Louis Capobianco, David Ellis, Paula Hicks-Hudson, Anthony Perry, Larry Scurlock and Liberty Ziegahn (Office of Budget and Management); Leesa Brown, Todd Dieffenderfer and Robert Newman (Office of the Treasurer of State); Mark Losey (Ohio Attorney General), Mike Roth and Laura Takeshta (Bank of New York), Fred Ransier and Kathleen Ransier (Vorys, Sater, Seymour & Pease), Noreen White (Acacia Financial Group), John Adams (Fifth Third Securities), Bob Selak (Thompson, Hine & Flory), Timothy Egan (Citigroup Global Markets), Kate Reicher, Jana Wesley and Rich Ryffel (Bank of America Securities), Chip Motil (National City Bank), Shams Lawson (Merrill Lynch), Jeffrey Johnson (Huntington Investment Co.), Matt McCauliffe (PNC Capital Markets), Kym Arnone and Brad Kastan (Bear Stearns), Mary Duffy (Peck, Shaffer and Williams), Juan Cespedes (Oxley Geery) 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 Chairman began by asking if any questions were submitted regarding the request for proposals (RFP) for financial advisory services. Mr. Kauffman replied that all questions and answers were submitted and posted through the Authority's website hosted by OBM. The Chairman suggested this procedure become standard procedure and the Secretary concurred. The Chairman then requested further questions be held until after staff presentations.

The Authority staff then presented its report and recommendations* with respect to the statements received in response to the Authority's RFP for financial advisory services. Staff confirmed that all five proposals received met the minimum qualifications for submission. Staff then ranked the top three proposals in order as follows: 1) Public Financial Management; 2) Public Resources Advisory Group; and 3) First Southwest/Acacia Financial Group. Staff noted that the joint proposal from First Southwest/Acacia was stronger than either firm's individual proposal. Based on the relative ranking of these firms and their proposed total fees, the staff outlined three options available to the Authority.

- I. Appoint the qualified firm(s) with the lowest proposed fee (First Southwest/Acacia, \$160,000)
- II. Appoint the highest-rated firm at its proposed fee (PFM, \$370,000).
- III. Negotiate with the higher-ranked qualified firms (PFM and PRAG, respectively) to determine if they would be willing to provide the scope and level of service presented in their proposal at the lowest fee proposed by a qualified firm (\$160,000) or at an acceptable fee to be determined by the Authority.

The staff recommended option III to the Authority, recognizing that those firms who submitted the higher-ranked proposals (PFM and PRAG, respectively) warranted an opportunity to accept the position at the lower fee level (\$160,000). However, if neither firm was able to accept the position at the lower fee level, the staff recommended appointing First Southwest/Acacia as financial advisor.

The Chair then opened up discussion of the staff report and recommendations to the Authority. The Secretary began by inquiring about the retail order period suggested in the RFPs. Mr. Kauffman responded by saying one of the underlying tenets of the tobacco securitization was to transfer the risk associated with future tobacco settlement receipts (TSRs) owed to the State under Master Settlement Agreement. Given the complexity of the risk factors, Mr. Kauffman noted, it seems appropriate to target more sophisticated high-net worth retail investors as opposed to individual "mom and pop" retail.

The Treasurer commented on the overall size the tobacco securitization and questioned if the retail effort was warranted if it diverted resources of the underwriting firms. Mr. Wozniak offered firms with separate retail sales personnel would be able to market the obligations retail without impacting their resources and ability to market the bonds institutionally as well. Treasurer Cordray concluded that the retail effort appears worthwhile given that every bond sold is helpful and that there doesn't appear to be a downside based on the underwriting firm's resources.

The Treasurer then noted the joint First Southwest/Acacia proposal was not an independent advisory firm. Mr. Wozniak responded by saying this does not pose a problem because the firm routinely operates as both an underwriter and financial advisor and has procedures in place to mitigate the potential conflict of interest.

The Secretary asked who are the top financial advisory firms* in the municipal bond industry. Mr. Scurlock replied that by par amount the top three firms over the past 3½ years are PFM, PRAG and First Southwest, respectively, and that each of those firms have responded to the Authority's RFP. Mr. Kauffman noted that the fifth ranked firm, Lamont Financial, did not respond but had the necessary minimum qualifications.

The Secretary inquired as to the intensity of such an engagement, to which Mr. Wozniak stated that the process is very intense, involving travel, weekend and evening work.

The Secretary then asked if the fees proposed by each firm were representative of other tobacco transactions. Mr. Kauffman responded by saying the proposed fees were representative of prior tobacco transactions because the fees charged in prior transactions by the responding firms* reflected a wide variation. Mr. Kauffman noted that he was surprised by the low bids received by Authority given the size and complexity of the proposed transaction, but noted that significantly lower bids were not unprecedented in prior transactions that utilized an RFP selection process.

The Secretary expressed concern over the low bid from First Southwest/Acacia, noting that when you divided the estimated number of hours it would take to complete the assignment, the hourly rate is very low. Mr. Kauffman offered his opinion that this was due to the fact that firms were willing to accept less in order get their foot in the door, establish new working relationships and potentially earn the bragging rights associated with such a large transaction. Mr. Kauffman also noted that staff's evaluations were based solely on qualifications but the proposed fees were considered in making the recommendation. The Secretary then asked what percentage of total costs were represented by the financial adviser fee. Mr. Wozniak responded that the financial adviser fee constituted about one percent of total fees to be incurred.

The Chairman cited the strong importance placed on process and proposed schedules in evaluating firms and inquired as to how they related to the staff's ranking of PFM. Mr. Kauffman noted that communication, collaboration among the underwriting team, and information and idea sharing are essential to the process and that PFM's response demonstrated strengths in these areas. Mr. Wozniak added that it would be incumbent on the financial adviser to manage the entire process.

The Chairman also commented on PFM's involvement with transactions in multiple states. Mr. Kauffman concurred and added that this improved the evaluation result of PFM.

The Chairman then asked if the staff had prior experience with the firms in other capacities. Mr. Wozniak confirmed that the state had satisfactory prior experience with both Acacia and PFM.

The Treasurer noted the slight but discernable difference in quality between firms and the large difference in fees quoted made it difficult to choose between them. The Chairman agreed but asked if it was realistic to demand the lowest price from the highest-rated firm.

The Secretary suggested asking the firms for their best and final offers, but also noted that the Authority shouldn't arbitrarily determine the best fee and it would be unfair to ask Ohio taxpayers to absorb the additional fees if they could be avoided by hiring an alternative qualified firm.

Following this discussion of the information and recommendations presented by the staff, the Treasurer moved, seconded by the Secretary, to accept staff's recommendation, and negotiate with the higher-ranked qualified firms (PFM and PRAG, respectively) to determine if they would be willing to provide the scope and level of service presented in their proposals at the lowest fee

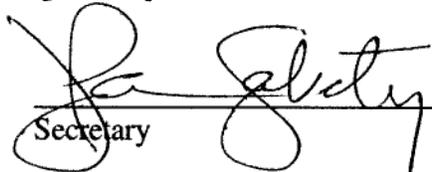
proposed by a qualified firm (\$160,000). During discussion of the motion, the Chairman expressed concern about not offering the higher ranked firms the opportunity to give a best and final offer. Mr. Kauffman stated that a firm willing to accept a fee that is close to low fee, for example \$200,000, would likely be willing to accept \$160,000. The Treasurer then moved, seconded by the Secretary, to modify the previous motion, and contact the highest-ranked qualified firm (PFM) to determine if they would be willing to provide the scope and level of service presented in their proposals at the lowest fee proposed by a qualified firm (\$160,000), and if not, what is the lowest fee they would be willing to work for. If PFM does not accept the \$160,000 offer, staff would then contact PRAG and ask them the same set of questions, after which the Authority would reconvene to discuss the results. Upon roll call, the motion was approved as follows: Ayes- Sabety; Cordray, Markus Nays - None. The Chair declared the motion passed.

The Chairman then moved, seconded by the Secretary, to recess for 15 minutes in order to contact the appropriate firms. The motion was passed upon roll call as follows: Ayes - Sabety; Cordray, Markus Nays - None. The Authority meeting recessed.

The Chariman reconvened the meeting at 12:05 p.m. at which time Mr. Kauffman reported that one phone call was made to PFM who indicated their willingness to perform the scope of services as presented in their RFP at the lowest qualified fee of \$160,000. Treasurer Cordray then moved, seconded by the Secretary, to appoint Public Financial Management as Financial Advisor to the Authority: Ayes - Sabety; Cordray, Markus Nays - None. The Chair declared the motion passed.

Mr. Kauffman reported that the next meeting of the Authority would take place on August 2, 2007. The purpose of that meeting would be to consider motions to release requests for proposals for legal counsel services and for underwriting services.

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 24, 2007 at 10:30 a.m. was posted on July 20, 2007 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: July 24, 2007

Kurt Kauffman
Assistant Secretary of the
Buckeye Tobacco Settlement Financing Authority

****REVISED – Public Meeting Notice ****

July 20, 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
David Ellis
(my designee)

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

SUBJECT: **Meeting on Tuesday, July 24, 2007, at 10:30 a.m.
in Conference Room A of the Office of Budget and Management
(35th 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 that was originally scheduled to be held Monday, July 23 has been changed to Tuesday, July 24, 2007. The meeting will be held at 10:30 a.m. in Conference Room A of the Office of Budget and Management (35th Floor, Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio). The primary purpose of the meeting will be to discuss the financial advisory proposals received in response to the Authority's request for proposals and to consider and act on a motion to select one or more of the responding firms to serve as financial advisor to the Authority.

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
Financial Advisory Services RFP

STAFF REPORT AND RECOMMENDATION

I. Process Review

- The financial advisor provides or assists in the provision of the following:
 - Evaluation and selection of underwriters, trustees, verification agents and other services
 - Preparation and review of the official statement and other financing documents
 - Managing the financing team – workflow and schedules.
 - Analyzing the impact of alternative financing structures and products.
 - Marketing, timing, and pricing of the securities.
 - Structuring of investments and bidding agent for the funds held by the trustee.
- At its July 11 meeting, the Authority authorized the release of a Request for Proposals (RFP) for financial advisory services in connection with the proposed tobacco securitization.
- An advertisement was placed in the Bond Buyer, a nationally recognized municipal finance publication, and ran on July 12-13.
- The RFP was available for download on the OBM website under the Buckeye Tobacco Settlement Financing Authority link or by request from Authority staff.
- Firms were given six days to respond. The deadline for submission was 1:00 p.m., Tuesday, July 17.
- During the response window, no direct communication on the RFP was allowed between Authority members/staff and potential respondents.
- Questions regarding the RFP were submitted and responded to via the Authority's e-mail address. Five questions were submitted and responded to. A copy of those questions and responses is provided as Exhibit A.

II. Proposals Received

- Five proposals were received – four from firms submitting individually and one joint proposal from two of the responding firms.
- Respondents:
 - Acacia Financial Group (Acacia)
 - An independent financial advisory firm headquartered in Marlton, NJ.
 - First Southwest Company (First Southwest)
 - An investment banking and financial advisory firm headquartered in Dallas, TX.
 - First Southwest Company and Acacia Financial Group – joint proposal.
 - Public Financial Management (PFM)
 - An independent financial advisory firm headquartered in Philadelphia, PA.
 - Public Resources Advisory Group (PRAG)
 - An independent financial advisory firm headquartered in New York, NY.
- Each proposal was checked to confirm that it met both the minimum qualifications and the submission requirements as set forth in sections III. and V. of the RFP. All five proposals met both requirements (see Exhibit B).
- The proposals were distributed to authority members, designees and staff on July 17.

The Buckeye Tobacco Settlement Financing Authority
Financial Advisory Services RFP

STAFF REPORT AND RECOMMENDATION

III. Evaluation Process and Criteria

- Members and staff independently evaluated the proposals based on the evaluation criteria listed below as set forth in Section IV. of the RFP.
- Staff met separately with each of the Authority members to discuss the substance of the proposals and to solicit input from each member regarding the format of the staff report that would best enable the members to evaluate the responses and reach a decision.

Evaluation Criteria

- Capability of the firm to perform the required scope of services, including:
 - Experience serving as a financial advisor and bidding agent on tobacco securitization transactions;
 - Capacity to provide technical financial analyses;
 - Demonstrated experience and strategy for managing large and complex financing transactions; and
 - Experience and ability to determine and assist in negotiating advantageous pricing levels.
- Qualifications, education and experience of the individuals to be assigned.
- Commitment to Ohio:
 - Financial advisory experience in Ohio; and
 - Physical presence within the State.

Consideration was also given to feedback provided by the references listed in the responses.

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The Buckeye Tobacco Settlement Financing Authority

Financial Advisory Services RFP

STAFF REPORT AND RECOMMENDATION

IV. Evaluation Matrix

Evaluation Criteria	Acacia Financial Group	First Southwest Company	AFG & FSC Joint Proposal	Public Financial Management	Public Resources Advisory Group
General Firm Info (1, 2)	Independent FA Firm NJ HQ, 15 Employees	Underwriting Firm, TX HQ 365 Employees (120 FA)	N.A.	Independent FA Firm, PA HQ, 370 Employees	Independent FA Firm, NYC HQ, 38 Employees
Tobacco FA Experience >\$250M (4, 11a/b)	2 deals, 1 issuing auth. \$3.5 Billion	6 deals, 5 issuing auth. \$7.2 Billion	8 deals, 6 issuing auth. \$10.7 Billion	6 deals, 6 issuing auth. \$2.9 Billion	7 deals, 4 issuing auth. \$14.9 Billion
Tobacco Bidding Agent Experience and Qualifications (5, 11a/b)	N.A. Would subcontract with First Southwest.	Very Good Extensive experience, response not Ohio-related	Very Good Extensive experience, response not Ohio-related	Excellent Extensive experience Detailed, thorough response w/process	Very Good Extensive experience Ideas for consideration in Ohio
Technical Analysis, Structuring (9, 10)	Good (less experience)	Excellent	Excellent	Excellent	Excellent
Management Strategy, Marketing & Schedule (6, 8, 12)	Good No retail, designation policy is key Weekly listing of major tasks/activities	Good No retail, designation policy is key Weekly listing of major tasks/activities	Good No retail, designation policy is key Weekly listing of major tasks/activities	Excellent Rigorous enforcement of open communication Separate marketing & communication plan Retail orders recommended Very detailed list of tasks/activities - 3 parallel tracks	Very Good Importance of open/regular communication Recommended major media campaign for individual retail orders Daily detailed listing of tasks/activities
Pricing Expertise (10)	Very Good	Excellent Underwriting Desk	Excellent Underwriting Desk	Excellent Dedicated Pricing Group	Excellent Based on references
Personnel Assigned, excl. lower-level support and admin staff (3)	Very Good 1 tobacco specialist 0 in-house investment specialists 4 municipal generalists	Excellent 2 tobacco specialists 2 investment specialists 1 underwriter 1 municipal generalist	Excellent 3 tobacco specialists 2 investment specialists 1 underwriter 4 municipal generalists	Excellent 3 tobacco specialists 2 investment specialists 2 municipal generalists	Excellent 3 tobacco specialists 1 investment specialist 1 municipal generalist 1 credit specialist
Ohio State-Level FA Experience >\$250M (11c)	4 deals, 1 issuing auth. \$1.0 Billion	None	4 deals, 1 issuing auth. \$1.0 Billion	4 deals, 2 issuing authorities \$1.2 Billion	None
Ohio Commitment (2d, 7, 11c)	1 office, 0 employees Significant State-level experience	No Ohio presence No Ohio experience	1 office, 0 employees Significant State-level experience	1 office, 5 employees Significant state level experience Significant local experience	No Ohio presence No Ohio experience
References and Other (13a, 14)	A, A-	A,A,A	N.A.	A+, A	A+, A
Proposed Fees (Total)	\$150,000	\$185,000	\$160,000	Review OH plan, statute \$370,000	\$330,000

The Buckeye Tobacco Settlement Financing Authority

Financial Advisory Services RFP

STAFF REPORT AND RECOMMENDATION

V. Evaluation Results

Based on our evaluation of the proposals, we believe the following individual firms are best qualified to provide financial advisory services to the Authority: i) First Southwest, ii) Public Financial Management (PFM), and iii) Public Resources Advisory Group (PRAG). While Acacia is a very capable firm, they are a notch below the other responding firms with respect to breadth of experience and technical structuring capabilities with respect to tobacco securitizations. However, by supporting First Southwest in a joint proposal, Acacia adds value by way of additional experience and knowledge of the Ohio bond market. Consequently, we believe the First Southwest/Acacia joint proposal is superior to either firm's individual proposal and for that reason we have focused on the joint proposal over the individual proposals in this report.

Within the group of qualified firms, including the First Southwest/Acacia joint effort, we rank the proposals in the following order: 1) PFM; 2) PRAG; and 3) First Southwest/Acacia. This ranking reflects our assessment of the information and ideas presented in the proposals in relation to the evaluation criteria and the feedback received from the public officials provided as references.

The following summary highlights those factors, both pro and con, that were integral in the development of the staff's rankings and resulting recommendation.

Public Financial Management

Pro

- Experience with a number of issuing authorities – in the last five years, completed six tobacco financings of \$250 million or more in par amount with six different issuing authorities.
- Strong technical analysis and modeling capabilities – for evaluating the impact of various structuring alternatives and analyzing secondary market trading activity.
- Bidding agent services – detailed explanation regarding the investment of special funds, including structuring and bidding of the liquidity reserve.
- Approach to managing the financing team – Rigorous oversight of underwriting team and establishment of a written protocol to ensure full and timely disclosure of information and open communication.
- Comprehensive coordinated schedule – itemized tasks and responsibilities for three areas (documents, financing/marketing, and liquidity reserve) that must proceed along parallel tracks to complete the transaction as quickly as possible.
- Ohio experience and physical presence – fully staffed Ohio office with extensive experience serving multiple state and local Ohio issuing authorities and agencies.

Con

- No multi-billion dollar tobacco transactions – largest transaction to date was \$832 million for Iowa in November 2005.

Public Resources Advisory Group

Pro

- Experience with multi-billion dollar transactions – four multi-billion dollar tobacco transactions (total par of \$13.2 B for Golden State TSC).
- Many firsts in the tobacco bond market, including: i) tobacco securitization; ii) state transaction; iii) turbo amortization; iv) taxable bond; and v) largest securitization.
- Strong technical analysis and modeling capabilities – for evaluating the impact of various structuring alternatives and analyzing secondary market trading activity.
- Adherence to scope of services – documented related experience and elaborated on each of the services identified in the scope of services.
- Experience in broad-based media campaigns for marketing bonds to retail investors.

The Buckeye Tobacco Settlement Financing Authority
Financial Advisory Services RFP

STAFF REPORT AND RECOMMENDATION

Con

- Approach to managing the financing team – less robust than in competing proposals.
- No Ohio experience or physical presence.

First Southwest / Acacia

Pro

- Experience with multi-billion dollar transactions – five multi-billion dollar tobacco transactions with three different issuing authorities.
- Since 1999, highest total number of tobacco transactions.
- Strong technical analysis and modeling capabilities – for evaluating the impact of various structuring alternatives.
- Underwriting desk – provides pricing insight and knowledge of investors preferred terms and structures.
- Ohio experience – Acacia brings significant Ohio experience serving various state issuing authorities and agencies.

Con

- Approach to managing the financing team – less robust than in competing proposals.
- Joint proposal was disjointed at times and did not delineate the division of services between the firms.
- Not an independent financial advisory firm.

VI. Recommendation

The Authority was fortunate to receive proposals from multiple qualified firms, all of whom we believe are capable of meeting our expectations of high-quality service. Within that group, however, there is a relative ranking that recognizes those firms whose proposals provided more detailed and insightful information relating their qualifications and experience to Ohio's proposed tobacco securitization. As discussed above, this ranking is: 1) PFM; 2) PRAG; and 3) First Southwest/Acacia.

Based on the relative ranking of these firms and their proposed total fees, we believe there are three options available to the Authority:

- I) Appoint the qualified firm(s) with the lowest proposed fee (First Southwest/Acacia, \$160,000)
- II) Appoint the highest-rated qualified firm at its proposed fee (PFM, \$370,000)
- III) Negotiate with the higher-ranked qualified firms (PFM and PRAG, respectively) to determine if they would be willing to provide the scope and level of service presented in their proposal at the lowest fee proposed by a qualified firm (\$160,000) or an acceptable fee to be determined by the Authority.

Staff recommends option III – negotiating with the higher-ranked qualified firms (PFM and PRAG, respectively) to determine if they would be willing to provide the scope and level of service presented in their proposal at the lowest fee proposed by a qualified firm (\$160,000). This recommendation recognizes that those firms who submitted the higher-ranked proposals warrant an opportunity to accept the position at the lower fee level. If neither firm is able to accept the position at this fee level, we recommend appointing First Southwest/Acacia as financial advisor.

The Buckeye Tobacco Settlement Financing Authority

Questions on the RFP for Financial Advisory Services



Exhibit A

Q1: Please clarify if a firm can submit a response if they have not provided bidding agent services on two tobacco liquidity reserve funds.

A1: Yes, firms are able to submit a response if they have not provided bidding agent services on at least two tobacco liquidity reserve funds. The responding firm, as requested in Section VI. Question 5., must identify a subcontractor with whom the firm would partner to provide bidding agent services. The subcontractor must meet the minimum qualifications set forth in Section III. for bidding agent services.

Q2: If a Joint proposal is submitted must both firms meet the minimum requirements set forth in Section III?

A2: Yes, each firm submitting as part of a joint proposal must meet the minimum qualifications and must also submit a complete and separate individual proposal. Note, for bidding agent services, responding firms are able to utilize a subcontractor (see response to Q1 above).

Q3: May joint proposers, who must also submit individual proposals as required by the RFP, discuss pricing with the joint proposer for the purpose of preparing the joint proposal?

A3: Yes, firms participating in a joint proposal may discuss the pricing/fees to be proposed as part of the joint proposal. The firms participating in the joint proposal should not share or otherwise indicate the pricing/fee proposed in connection with their separate individual proposal.

Q4: Would the Authority consider proposals by individual consultants that can provide unique expertise in one or more sections of the Scope of Services (such as disclosure, investor relations and rating agency relations), but would not offer services such as reserve fund investment bidding?

A4: Firms don't have to meet the investment bidding agent minimum qualifications or provide those services directly in order to respond to the RFP, but must identify the subcontractor you would utilize that does meet those minimum qualifications. Firms must be able to provide all other (non-bidding agent) services listed in the scope of services directly. See response to question #1 above.

Q5: Could you confirm whether the "Certifications" and "Information Sheet" required in the FA RFP should be embedded within the body of the response and whether they count against the 15-page limit?

A5: The Certifications and Information Sheet pages do not count against the 15-page limit and we would prefer, though in no way require, that they be submitted as separate pages from the body.

The Buckeye Tobacco Settlement Financing Authority

STAFF REPORT AND RECOMMENDATION

Exhibit B

		ACCA	MI Southwest	IN	PRAG	Acad/RSW
Submission of Proposal	Turned in by 1:00 PM	X	X	X	X	X
	15 Pages or less	X	X	X	X	X
Included Electronic Copy	12 Copies	X	X	X	X	X
		X	X	X	X	X
Minimum Requirements	Served as FA on 2 Tobacco Securitization in the past 5 years with one having a par in excess of \$400 million	1) \$1,801M 03 NJ TSF 2) \$1,659M 03 NJ TSF	1) \$3,622M 07 NJ TSFC 2) \$412M 06 Northern TSC	1) \$490M 06 Michigan TSA 2) \$431M 06 Nassau County	1) \$911M 07 WV TSFA 2) \$4,446 07 CA GSTSC	1) \$3,622 M 07 NJ TSFC 2) \$412M 06 Northern TSC
	Provided bidding agent services on at least 2 tobacco liquidity reserve funds with at least one having an issuance par in excess of \$400 million	Subcontracts to First Southwest	1) \$3,622M 07 NJ TSFC 2) \$448M 05 VA TSFC	1) \$490M 06 Michigan TSA 2) \$431M 06 Nassau County	1) \$911M 07 WV TSFA 2) \$4,446 07 CA GSTSC	1) \$3,622M 07 NJ TSFC 2) \$448M 05 VA TSFC
Appendixes Included	Appendix A (Tobacco Experience)	X	X	X	X	X
	Appendix B (Example Finance Schedule)	X	X	X	X	X
Certification & Info Sheet	Completed Certifications	X	X	X	X	X
	Completed Info Sheet	X	X	X	X	X

Buckeye Tobacco Settlement Financing Authority

FA & Bidding Agent Fee Breakdown Tobacco Securitization Experience



Acacia	New Jersey TSFC	3/7/2003	\$1,659,270,000.00	\$150,000.00	RFQ	n/a
	New Jersey TSFC	8/15/2002	\$1,801,455,000.00	\$250,000.00	RFQ	n/a
	Total		\$3,460,725,000.00			
	Virginia TSFC	4/27/2007	\$1,149,273,000.00	\$225,000.00	Pre-existing Relationship	\$20,000.00
	New Jersey TSFC	1/23/2007	\$3,622,208,000.00	\$78,000.00	RFP	\$20,000.00
First Southwest	Alaska NTSC	8/11/2006	\$411,988,000.00	\$150,000.00	Pre-existing Relationship	\$30,000.00
	TSASC Inc	2/3/2006	\$1,353,510,000.00	\$100,000.00	RFP	\$30,000.00
	Virginia TSFC	5/13/2005	\$448,260,000.00	\$250,000.00	Pre-existing Relationship	\$30,000.00
	Northern California TSA	12/2/2005	\$255,486,000.00	\$80,000.00	RFP	n/a
	Total		\$7,240,725,000.00			
	Michigan TSFA*	5/12/2006	\$490,500,589.00	\$223,000.00	RFP	\$32,000.00
	Nassau County New York	3/31/2006	\$431,034,246.00	\$400,000.00	Pre-existing Relationship	\$65,000.00
PFM	Iowa TSA	11/18/2005	\$831,962,030.00	\$325,000.00	RFP	\$30,000.00
	State of Missouri	4/10/2003	\$387,425,000.00	\$200,000.00	RFP	n/a
	Washington State TSA	10/25/2002	\$517,905,000.00	\$314,000.00	RFP	\$185,472.00
	California County TSA	10/16/2002	\$220,525,000.00	\$165,000.00	Pre-existing Relationship	\$40,000.00
	Total		\$2,879,351,865.00			
PRAG	West Virginia TSFA	6/15/2007	\$911,141,503.00	\$369,269.00	Pre-existing Relationship	\$60,000.00
	Golden State TSC*	3/8/2007	\$4,446,826,391.00	\$84,900.00	Pre-existing Relationship	\$65,000.00
	Southern California TSA	5/17/2006	\$583,630,660.00	\$200,000.00	RFP	\$40,000.00
	California County TSA	2/3/2006	\$332,034,058.00	\$175,000.00	Pre-existing Relationship	\$25,000.00
	Golden State TSC*	7/28/2005	\$3,140,563,508.00	\$94,475.00	Pre-existing Relationship	Not Broken Out Specifically
	Golden State TSC*	9/15/2003	\$2,572,285,000.00	\$149,140.00	Pre-existing Relationship	n/a
	Golden State TSC*	1/16/2003	\$3,000,000,000.00	\$297,801.00	Pre-existing Relationship	n/a
	Total		\$14,986,481,120.00			

*Served as Co-FA

Buckeye Tobacco Settlement Financing Authority
Top National Financial Advisors 2004-2007



<u>All Issues (MM)</u>		<u>Negotiated Financings (MM)</u>	
Public Financial Management	\$128,105.6	Public Financial Management	\$90,966.5
Public Resources Advisory Group	82,139.9	First Southwest	58,068.8
First Southwest	68,588.3	Public Resources Advisory Group	53,620.7
RBC Capital Markets	30,514.7	RBC Capital Markets	24,666.6
Lamont Financial Services	23,738.0	Lamont Financial Services	23,564.5

Source: Bond Buyer / Thomson Financial