

Tobacco Settlement Financing Corporation
January 21, 2014
Minutes of the Meeting

A Tobacco Settlement Financing Corporation meeting was held in the Controller's Conference Room on the 4th floor of the Department of Administration Building, One Capitol Hill, Providence, on Tuesday, January 21, 2014.

At 3:15 p.m., Thomas Mullaney, Executive Director/State Budget Officer, Department of Administration called the meeting to order. Corporation members present were: Thomas Mullaney (Chair), James Thorsen, Robert Cusack and Andrew Reilly.

The first order of business was to approve the minutes of the November 25, 2013 meeting. After review of the minutes, a motion was made to approve the November 25, 2013 minutes by Chairman Thomas Mullaney with the incorporation of minor edits in spelling agreed upon by the Board. The motion was seconded by Mr. Cusack and approved unanimously.

The next item on the agenda was to discuss the Request for Proposals for Financial Advisor. Mr. Mullaney informed the Board that two proposals were received, one from First Southwest (FSW) and one from Public Financial Management (PFM). Board members had previously been provided copies of the proposals from each firm and had submitted evaluation scoring sheets. Mr. Mullaney passed out a summary of the evaluation scoring for each proposal. Based on the evaluations, FSW received an average score of 96 points and PFM received an average score of 92 points.

Mr. Mullaney indicated that one of the main differences in the two proposals was the approach to a potential refinancing of the Corporation's debt. The PFM proposal was more negative in its belief that such a refinancing was even possible, whereas FSW's proposal, although realistic about the potential for a refinancing, presented more openness to the opportunity.

Mr. Thorsen stated that both firms possessed the technical expertise that the Corporation would need in any deal, but that with all other factors being very even, there would have to be a substantial reason to "fire" the firm the Corporation has used for its last two deals.

Mr. Cusack pointed out that the institutional knowledge of FSW in the previous complex issuances of the Corporation would assist in maneuvering in the marketplace and that FSW would be better able to gauge the ability for the Corporation to undertake a deal.

Mr. Reilly also stated that although both firms are highly qualified in the Tobacco Securitization field, FSW would be able to use its knowledge of the Corporation's prior deals in structuring a new deal.

With no more discussion, a motion was made to approve First Southwest as Financial Advisor by Mr. Thorsen. The motion was seconded by Mr. Reilly and approved unanimously.

There being no further business, a motion was made to adjourn by Chairman Mullaney. The motion was seconded by Mr. Cusack and approved unanimously.

Respectfully submitted,

Robert Cusack
Secretary