

Tobacco Settlement Financing Corporation
April 17, 2014
Minutes of the Meeting

A Tobacco Settlement Financing Corporation meeting was held in the Executive Conference Room on the 4th floor of the Department of Administration Building, One Capitol Hill, Providence, on Thursday, April 17, 2014.

At 8:45 a.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 and Robert Cusack. Others in attendance were: Maureen Gurghigian from FirstSouthwest and Suzanne Amerault from the State Budget Office. Thomas Green from Citigroup joined by phone. Board member Andrew Reilly was absent.

The first order of business was to approve the minutes of the February 28, 2014 meeting. A motion was made to approve the minutes by Mr. Thorsen. The motion was seconded by Mr. Cusack and approved unanimously.

The next item of discussion was the evaluation of responses for the auditing services for the Corporation. Mr. Mullaney informed the Board that he appointed a Technical Review Committee, consisting of Peter Keenan, Associate Controller, State of Rhode Island and Jennifer Findlay, Financial Reporting Manager, State of Rhode Island to conduct an evaluation and scoring of the submitted proposals from two firms. The two firms evaluated were Marcum (formerly Braver), who has served as the Corporation's auditor for more than 10 years and Toski & Co.

After evaluation, the Committee found that Toski & Co. was the only firm to meet the minimum score of 56 required for further consideration. Marcum's technical score was 46. Therefore, Toski & Co advanced to the cost proposal evaluation stage of the selection process. Toski & Co submitted a proposed fee of \$5,500 per year for each year of the three year contract.

Based on the information provided by the Technical Review Committee, Mr. Mullaney made a motion to award the auditing contract to Toski & Co. Mr. Thorsen seconded the motion, all were in favor.

Next item on the agenda was the discussion of the parameters for the Tobacco Bond refinancing. Thomas Green from Citigroup joined in by telephone. Maureen Gurghigian and Mr. Green gave an overview of the recommended 2014 transaction parameters.

The Senior manager and the financial advisor recommend that the Corporation proceed with the issuance of 2014 Refunding Bonds based on attaining an appropriate savings level and other parameters. Mr. Green discussed the minimum parameter for up front/early year savings to the State and the tender price parameters for a partial tender.

Mr. Mullaney made a motion for the Board to authorize Chairman Mullaney to work with Mr. Green of Citigroup and Ms. Gurghigian of FirstSouthwest to obtain a minimum savings of at least

4% upfront and/or early year and a savings based on an independent 3rd party source for the then market price.

The next item discussed was the status of selecting disclosure counsel. Although it was not on the agenda, Mr. Thorsen brought to the Board that he thought the disclosure counsel should be chosen at this time. Chairman Mullaney told the Board that three firms responded to the RFP, Edwards Wildman, Nixon Peabody and Hawkins, Delafield & Wood. Since Hawkins, Delafield & Wood was awarded the bond counsel contract, and the Board felt that there should be separate disclosure counsel. The two firms under consideration were Edwards Wildman and Nixon Peabody. After discussing the two firms, the Board agreed that Nixon Peabody had more experience with Tobacco projects and also have worked with the Corporation twice in the past.

Chairman Mullaney made a motion to hire Nixon Peabody as disclosure counsel on the Tobacco bond refinancing. Mr. Cusask seconded the motion, all in favor.

There being no other business, the members voted in favor of adjourning at 9:45 a.m.