

REQUEST FOR PROPOSALS

TO IMPROVE THE ECONOMIC
PERFORMANCE OF THE PLEDGED TOBACCO
SETTLEMENT RECEIPTS AGAINST
BOND DEBT SERVICE



RELATING TO:

BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY
TOBACCO SETTLEMENT ASSET-BACKED BONDS, SERIES 2007

ISSUED BY:

THE BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY
C/O TREASURER OF STATE OF OHIO
RHODES STATE OFFICE TOWER
30 EAST BROAD STREET, 9TH FLOOR
COLUMBUS, OHIO 43215

JUNE 24, 2015

I. Introduction

The Buckeye Tobacco Settlement Financing Authority (the “Authority”) is soliciting proposals from qualified firms interested in recommending and implementing ideas for maximizing the effectiveness of the pledged tobacco settlement receipts (the “TSRs”) in paying debt service on the Authority’s Tobacco Settlement Series 2007 Bonds (the “Bonds”), issued and outstanding under the Trust Indenture dated as of October 1, 2007, as supplemented (the “Trust Indenture”). The Authority will evaluate both the quality and workability of the proposals and the capability of the respondents to assist with the successful implementation of their proposals. The Authority will not consider proposals involving the issuance of debt with any pledged receipts other than the TSRs or the use of any other State financial resources as a credit enhancement.

The Authority is a body politic and corporate, constituting an agency and instrumentality of the State of Ohio (the “State”). It is comprised of the Governor who serves as Chairman, the Director of Budget and Management who serves as Secretary, and the Treasurer of State who serves as Treasurer.

The Authority intends to select one or more firms to provide the services outlined in Section III of the RFP based on the evaluation criteria set forth in Section VII of this RFP. Any firm selected will be responsible for notifying the Authority in writing within 30 days of the occurrence of any: (i) material changes in ownership or ownership structure, organization, personnel, litigation or conflicts, regulatory investigations or enforcement actions, or (ii) changes related to the Certifications in Section VIII. Based on any such notification, the Authority reserves the right, in its sole discretion, to subsequently disqualify a selected firm.

Responses to this RFP are the property of the Authority and will be “public records” subject disclosure under the Ohio Public Records Act except as described in section IV of this RFP under the heading “Confidential/Trade Secret Information Contained in Proposals”.

This RFP is not and shall not be construed as an offer of a contract by the Authority. Any contractual arrangement will be evidenced by a separate contract authorized by the Authority.

II. Minimum Qualifications

Respondents must have served as a senior managing underwriter or lead financial advisor on two or more tobacco securitization transactions secured by TSRs payable under the Master Settlement Agreement entered into by participating tobacco product manufacturers and 46 states and six other U.S. jurisdictions in November 1998 (the “MSA”), with at least one of those transactions having an issuance par of more than \$200 million.

III. Scope of Services

The firm selected through this RFP process will be asked to provide or assist in the provision of the following services:

- Recommend and evaluate options for improving the financial performance of the pledged TSRs relative to payment of debt service on the Bonds.
- Design and execute financial models that demonstrate, under alternative scenarios, the impact of the proposed options on performance of those TSRs relative to debt service on the Bonds.

- To the extent amendments to the Trust Indenture or other documents are necessary, work with the Authority and its counsel to: (i) identify and draft any such amendments; and (ii) design and facilitate a process for obtaining any necessary bondholder consents.
- Work with the credit rating agencies to ensure their understanding of any proposed changes, including providing cash flow projections under the various rating agency criteria and stress tests.
- Other related services as requested.

IV. Submission of Responses

Interested firms must respond to this RFP in all applicable respects. Each response must include the enclosed Information Sheet, which identifies the primary contact person, and the enclosed Certifications page, which shall be signed by an individual who is authorized to legally bind the respondent.

Firms should limit their responses to no more than eight (8) pages at no smaller than 12-point font. The Information Sheet and the Certifications page do not count against the 8-page limit, nor do the requested attachments, which include resumes of proposed staff (Section VI, question 1.b), or the tabular listing of transactions (Section VI, question 3.a).

A single-page cover letter also may be submitted with the proposal at the discretion of the responding firm and will not count toward the page limit. Information contained in the cover letter will not be used to evaluate the response.

Responses to the RFP must include a copy of the response in both MSWord and PDF format and should be submitted via email to DebtManagement@tos.ohio.gov **no later than 1:00 p.m. EDT, on Friday, July 10, 2015**. Responses submitted after the time and date listed or by means other than email will not be considered.

Any and all questions must be submitted by email to DebtManagement@tos.ohio.gov **no later than 3:00 PM EDT on Thursday, July 2, 2015**. The Authority will prepare responses to all submitted questions and post those responses on the Authority website at <http://obm.ohio.gov/BondsInvestors/tobacco.aspx>.

Apart from the process for submitting written questions, as described in the above paragraph, respondents shall not communicate directly with the Authority, its members or their designees, or the Authority's staff or any authorized officers, about this RFP. Any such communication may disqualify the respondent and its proposal from consideration. Please note all questions and answers become a matter of public record and will be made available to all RFP respondents. Responses that are labeled "confidential", or contain information identified as "confidential", will not be considered by the Authority. All communications concerning the selection process must be submitted as provided above.

The Authority may conduct interviews with one or more responding firms. The Authority reserves the right to reject all responses to this RFP, or to solicit additional information from firms subsequent to the response deadline to this RFP. The Authority may take into consideration any other information, including information not requested or submitted in response to this RFP.

Confidential/Trade Secret Information Contained in Proposals.

Submissions made in response to this RFP will be public records subject to disclosure upon request under the Ohio Public Records Act (Ohio Revised Code Section 149.43). The Authority recognizes that a firm responding to this RFP may consider certain information submitted in its response to be confidential, proprietary or trade secret information. Any information considered by a firm submitting the a response to be confidential, proprietary or trade secret information should be clearly so designated in writing in its

response. Submitting firms may not designate their entire submission as confidential, and all those parts of a proposal which are not marked as confidential, trade secret or proprietary information will be a public record. Those portions of responses that are not designated by a firm in its response to this RFP as confidential will be released by the Authority in response to a request from the news media or any member of the public, with the release being made by the Authority without prior notice to that firm. That information may also be released to or shared with the public in open discussions at an Authority meeting.

In the event that any person makes a proper request under the Ohio Public Records Act for information designated by the submitting firm as confidential, proprietary or trade secret information, the Authority will promptly notify that firm so that it will have an opportunity, within a reasonable period of time, to demonstrate that the designated information constitutes confidential, proprietary or trade secret information or is information otherwise exempt from disclosure under the Ohio Public Records Act. The submitting firm may either promptly notify the Authority that it may release the requested information or that firm, at its sole expense, may take any legal or other action it deems appropriate, including but not limited to direct communication with the party that submitted the request for the information or requesting a court to issue an injunction to prevent disclosure.

V. Compensation

Please provide a maximum fixed fee (inclusive of all expenses) for provision of all of the services proposed in response to this RFP and separately for each option proposed. Also provide either a single weighted average hourly rate or a tiered set of hourly rates based on the positions of the individuals to be assigned and estimate the total number of hours required to complete each option proposed.

Note that fees will be negotiated based on the proposals and options that are selected and implemented by the Authority, and that payment will be wholly contingent on the successful implementation of those proposals and options selected.

VI. Information to be Provided by Respondent

All responses should restate the question along with the corresponding answer.

1. Organizational Structure and Staffing Plan
 - a) Identify the firm representative who would be directly responsible for overseeing this engagement;
 - b) Provide a staffing plan listing the individual(s) who will be assigned to this engagement. Outline the role of each and provide a summary of their relevant professional experience. Include years and type of experience in addition to the number of years with the firm; and
 - c) Confirm that only individuals from your firm and not subcontractors of your firm will provide services to the Authority.
2. Proposals
 - a) Describe any proposals that could improve the performance of the TSRs with respect to payment of the debt service on the Bonds.
 - b) Discuss how you would implement the proposals set forth in the preceding Section VI (2)(a) of this RFP, including the specific steps and timeframes required for each and generally identify any amendments to the Trust Indenture for the Bonds needed to implement each proposal.
 - c) Describe the potential benefits to the Authority and the holders of the Bonds for each proposal set forth in response to Section VI (2)(a) of this RFP.

3. Experience and Qualifications
 - a) Provide a summary table (as Appendix A) of the tobacco securitization transactions, secured by TSRs payable under the MSA, for which your firm has served as either a senior managing underwriter or lead financial advisor. Identify your specific role and include the issuer name, date, and par amount.
 - b) Describe your firm's experience, qualifications and resources in handling tobacco securitization transactions. Specifically address your ability to perform each of the tasks identified in Section III Scope of Services of this RFP.
 - c) Discuss any other factors, ideas, or recommendations that you believe should be considered by the Authority.

VII. Evaluation Criteria

The Authority, in consultation with the Authority's staff, reserves the right to reject any and all responses, or to select the response deemed to be most advantageous to the achievement of its purposes. Selection of a firm to serve as an agent will be based on the criteria described below. A firm's proposal should provide a level of clarity and detail that is sufficient to allow Authority staff to adequately judge the expertise, experience, and capabilities of the firm and make an appropriate recommendation to the Authority. The lowest cost proposal will not necessarily result in the selection of that firm. The proposals will be evaluated based upon several factors, including but not limited to:

1. The quality and workability of the ideas proposed.
2. The potential benefit to improve cash flows and pay down outstanding Bonds.
3. Capability of the firm to assist in the implementation of the proposal(s).
4. Qualifications, education and relevant experience of the individuals to be assigned.
5. Proposed engagement fees and total compensation.

VIII. Certification – Must Be Completed By All Firms

In addition to responding to the foregoing items, this firm certifies that:

1. The firm's engagement by the Authority to implement any of its proposals will not create any conflict of interest for the firm or any of its assigned personnel, and it will promptly disclose to the Authority any such conflict of interest if, as and when it arises and is known to the firm.
2. All of the assigned personnel of the firm who are not United States citizens will have executed a valid I-9 form and have valid employment authorization documents.
3. The firm is an independent contractor and neither firm nor its personnel shall at any time, or for any purpose as a result of the transactions, be considered as agents, servants, or employees of TOS or the State, or as public employees for the purpose of Ohio Public Employees Retirement Systems benefits.
4. The firm is not currently in violation of or under any investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm's ability to serve if selected.
5. The firm is and will remain in compliance with all applicable federal, state and local laws, including but not limited to the applicable provisions of the following for which it also makes the following related certifications:

- i) State of Ohio equal opportunity provisions (ORC Section 125.111). The firm is an equal opportunity employer that does not and will not discriminate against applicants or employees on the basis of race, color, religion, gender, sex, age (40 years of age or older), disability, military status (past, present, or future), national origin, (ancestry), genetic information, or sexual orientation, as those terms are defined in Ohio or federal law. In addition, in compliance with such provisions, the firm has a written affirmative action program for the employment and effective utilization of economically disadvantaged persons and will annually report such progress.
- ii) The Federal (41 U.S.C. 701(a)) and Ohio (R.C. 153.03) Drug Free Workplace Acts. The firm will make good faith efforts to ensure that all of its employees will not have or be under the influence of illegal drugs or alcohol or abuse prescription drugs in any way while providing services to the State of Ohio.
- iii) State of Ohio ethics (ORC Chapter 102 and Sections 2921.42 and 2921.43), campaign financing (ORC Chapter 3517), lobbying (ORC Sections 101.70 and 121.60 et seq.) and non-discrimination (ORC Section 125.111).
- iv) Section 9.24 of the Ohio Revised Code. The firm is not subject to an “unresolved” finding for recovery under that section.
- v) Pursuant to Ohio Executive Order 2011-12K1, the firm, if selected, will not provide any services (including data storage) in connection its work for the Authority from outside of the United States.

1 <http://procure.ohio.gov/pdf/EO201112K/EO201112K.pdf>

- 6. The firm has reviewed and understands the Ohio laws referenced above, and (1) will take no action inconsistent with those laws, and (2) understands that failure to comply with those laws is grounds for termination of a designation pursuant to this RFP.
- 7. The firm will be responsible for notifying the Authority, in writing within 30 days, of the occurrence of any changes related to the certifications in this section.
- 8. The firm will be responsible for notifying the Authority, in writing within 30 days, of the occurrence of any material changes in ownership or ownership structure, organization, personnel, litigation, or conflicts, or any other material changes or developments including a subsequent investigation or review for a violation of any state or federal law or regulation that might have a material adverse impact on the firm’s ability to serve.

Firm: _____ Date: _____

By: _____ Title: _____

Name: _____

IX. Information Sheet

The Buckeye Tobacco Settlement Financing Authority
Statement of Qualifications to provide Agent Services

Name of Firm: _____

Contact Person: _____

Telephone Number: _____

Facsimile Number: _____

E-Mail Address: _____

Mailing Address: _____

Date: _____

Signature: _____