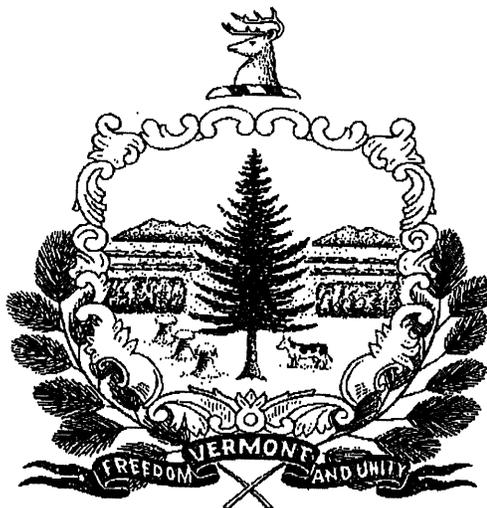


# Vermont Hydroelectric Power Authority



**REQUEST FOR PROPOSAL  
FOR FINANCIAL ADVISORY SERVICES  
VERMONT HYDROELECTRIC POWER AUTHORITY  
RFP NUMBER 001-2004**

**GOVERNMENT FINANCE ASSOCIATES, INC.**



**July 9, 2004**

STATE OF VERMONT  
GOVERNMENT FINANCE ASSOCIATES, INC.  
JUL 12 10 58 AM '04

Government Finance Associates, Inc.  
590 Madison Avenue, 21<sup>st</sup> Floor  
New York, New York 10022  
(212) 521-4090  
Fax (212) 521-4092

**REQUEST FOR PROPOSAL  
FOR FINANCIAL ADVISORY SERVICES  
VERMONT HYDROELECTRIC POWER AUTHORITY  
RFP NUMBER 001-2004**

Cover Letter  
July 9, 2004

John Sayles  
Interim Manager  
Vermont Hydroelectric Power Authority  
112 State Street, Drawer 20  
Montpelier, VT 05620-2601

Dear John:

On behalf of Government Finance Associates, Inc., ("GFA"), we are very pleased to submit this proposal for the purpose of providing financial advisory services to the Vermont Hydroelectric Power Authority (the "Authority" or "VHPA"), as requested in the "Request For Proposals For Financial Advisory Services, Vermont Hydroelectric Power Authority, RFP Number 001-2004", (the "RFP"). We intend to demonstrate in our response to the RFP our firm's qualifications, desire and capabilities to serve the Authority as its independent financial advisor. We feel our experience in working within the State and for numerous State agencies will serve the Authority well. Our proposal has been tailored to respond specifically to the requirements of the subject RFP and, as appropriate, to emphasize those services and attributes that we believe will prove helpful to the Authority over the period of our engagement. It is our sincere wish for GFA to serve as financial advisor to you and the Authority, and the contents of this proposal are intended to demonstrate this desire. We sincerely believe that we are uniquely qualified and have the credentials, history, and technical capabilities to provide the highest level of financial advisory assistance to the Authority.

• **Required Contents of Cover Letter**

J. Chester Johnson, Chairman, GFA, e-mail: [jchester.gfa@prodigy.net](mailto:jchester.gfa@prodigy.net), telephone: 212-521-4090 (direct dial), is the person responsible for completing the questionnaire for Government Finance Associates, Inc., located at 590 Madison Avenue, 21<sup>st</sup> Floor, New York, New York, 10022, fax: 212-521-4092. All future correspondence regarding this RFP or any other matters related to the VHPA should be directed to Chester.

• **Background to Services for VHPA**

There are a series of uncertainties affecting VHPA in the near future. First, it is not clear if the consortium of VHPA, Brascan Power Corp. and Emera, Inc., will, in fact, have the right to purchase the subject hydroelectric assets. Second, if the consortium does win the bid for the facilities, the financing package that will need to be implemented, on behalf of the Authority, will have to cover a series of requirements, including the possible use of revenue debt, supported by in-hand contracts, and some form of State of Vermont credit assistance for that portion of the program that will likely not have, at least in the initial period, sufficient in-hand contracts to complete a transaction. Based on our

## Government Finance Associates, Inc.

firm's past successes, GFA can assist in preparing creative and flexible financing packages that will enhance VHPA's ability to contribute to a winning bid for the facilities. In addition, considering our experience in Vermont in helping to design a program that had some similar obstacles for the Vermont Economic Development Authority ("VEDA"), combined with related work for the Vermont Student Assistance Corporation ("VSAC"), the Vermont Municipal Bond Bank ("VMBB"), and the State of Vermont (the "State") itself – for all four entities we serve as the overall financial advisor, GFA is uniquely positioned to assist VHPA to achieve its financing goals once the consortium has won the right to purchase the facilities. With respect to the second area of focus (i.e., the use of both contract supported debt and some form of State supported credit), there are several precedents for which we have served as financial advisor that have been employed in the State that can be of some use. Nonetheless, the need to have a mechanism to reduce the State's support over time for a portion of the program will be an important tenet in VHPA's financing success. GFA has a series of suggestions to be considered in this respect, such as the possible use of a financing vehicle that will allow periodically for the contracts to substitute, on an incremental basis as they are transferred to VHPA, for the State's credit assistance. This part of the financing program will, therefore, need to be structured so that debt can be called by VHPA as contracts are received. The employment of some form of variable rate debt, which can also reduce the early cost of capital for VHPA as a result of lower interest rates, would be a model to consider since such debt can normally be called at each repricing. We are not now definitively recommending such an approach, but it does represent an area for exploration as part of the evaluation of the options available for VHPA's financing program. GFA will take a hard look at numerous financing alternatives for meeting VHPA's priorities before a final set of recommendations is presented.

We think our significant experience in Vermont will be of particular value to VHPA in the fulfillment of VHPA's goals. Our assistance to Vermont entities began in the mid-1980s when we became the financial advisor for debt management activities to VSAC, a position that we have maintained over the intervening period. Since then, we have worked on a large number of VSAC projects – most recently, on the financing of its corporate headquarters, which did not rely on student loan trust estates for credit support, but on the general creditworthiness of the organization; this was the first such financing by VSAC, and we helped to design the program. In the early 1990's, the State faced an important cash management problem, and GFA was asked to analyze and propose a solution, resulting in the implementation of a commercial paper program that rationalized the cash management approach for the State, which program has continued in place until the improved credit position of the State eliminated the need for constant, extensive cash flow borrowings. Soon after the execution of the commercial paper program, we were appointed financial advisor to the State itself. As discussed in more detail in this proposal, in order to reduce the impact of VEDA on the State's cash position, principal portions of VEDA's financing program were "recapitalized" in the 1990's, for which GFA was a primary financing architect; thereafter, GFA was appointed financial advisor to VEDA. Because of the moral obligation of the State, which supports the VMBB, the credit of the State and VMBB is very much related. As a result of GFA's experience as financial advisor to the State and its credit improvement program and the knowledge that GFA has brought to Vermont financing matters, we were also appointed financial advisor to VMBB in the mid-1990s. At present, the State of Vermont is the highest rated state in New England, a position it has recently attained; this ascent has assisted all State-related entities to achieve market access at reduced cost. We are very pleased to have been part of this achievement and the successes of many State finance agencies, and we look forward to working with VHPA in attaining many debt management goals. This extensive experience and success in addressing the public financing requirements in Vermont will accrue to the benefit of VHPA should GFA be fortunate enough to be appointed financial advisor.

## Government Finance Associates, Inc.

- **Introduction to GFA**

- **Overview**

GFA was incorporated in the late 1970's and has served as independent public finance advisor to significant, complex governmental (such as the Authority) and non-profit entities throughout the country over the intervening years in the areas of debt management and capital planning. GFA is and has been, for many years, a recognized leader in the public finance advisory field. GFA has limited its advisory activities to substantial governments and public entities. Our assistance has been unique in the industry, involving a combination of credit, strategic planning, financial engineering, continuing market advice and long-term advisory services to a broad base of governmental, public authority and non-profit institutions. Among the more important strengths GFA would provide to the Authority in this engagement are:

- **Financing Capability**

GFA, as a firm, and the two senior members of the firm, who will be specifically assigned to this engagement, have been involved in virtually every type of financing employed in the public finance sector. This experience creates a pool of knowledge from which we can draw to advise and assist clients, and it also evidences the acknowledged leadership position that this firm enjoys in the industry. Furthermore, the firm's expertise in financial engineering, as exemplified by the modeling and structuring that accompanied the recapitalization of VEDA, and the numerous other examples for VSAC, VMBB and the State itself, provides our clients with special capabilities in problem solving.

- **Advice to State Entities**

GFA currently serves as the overall financial advisor for debt management and capital planning to the States of Alaska and Louisiana in addition to the State of Vermont and many related public finance authorities located in those states. The individuals who are principally responsible for providing financial advisory services to these states and related public finance authorities and who have historically provided service to these entities are the same persons who will be assigned to the Authority under the new engagement, if GFA is fortunate enough to be retained.

- **Independence**

GFA is an independent financial advisory firm. We do not underwrite, buy, sell, or otherwise trade in securities. In addition, we are in no way affiliated or associated with any other corporate entity or organization, directly or indirectly, that provides potentially conflicting interests, such as investment management, commercial banking services and related products. GFA, as a policy matter, relies heavily upon its independence to bring thorough objectivity and unbiased perspectives to the assistance provided to the firm's clients, which improves the overall quality of the services supplied.

- **Collateral Engagements**

We are especially proud of the collateral engagements for which GFA has been hired over the years. When engaged by general purpose governments, such as the states of Vermont, Alaska and Louisiana or by the City of Buffalo, Virginia Beach, Virginia (the largest city in Virginia) and Wayne County, Michigan (which incorporates the City of Detroit), among others, GFA has been hired to provide financial advisory assistance under collateral assignments for related authorities and other associated governmental borrowers. We have taken this development as a vote of confidence by the original client in the advisory work GFA has provided.

## Government Finance Associates, Inc.

- **Rating Agency Experience**

GFA is considered to be without peer in dealing with the nationally recognized rating agencies. The two senior members of the firm, J. Chester Johnson and Freda S. Johnson, are acknowledged for their credit rating experience and accomplishments. Both began their public finance careers at Moody's Investors Service. Mr. Johnson is acknowledged as having achieved significant success in addressing many difficult credit and rating challenges over the years that have resulted in improvement or maintenance of various credit classifications. Ms. Johnson ran the Moody's Public Finance Department for a decade, where she also chaired the Rating Committee; when she left Moody's, the staff stood at nearly 230 persons with approximately 35,000 outstanding ratings.

- **Innovation**

GFA is known for its capability in handling "leading edge" developments in the public finance industry. The firm is also recognized for the creative and innovative solutions GFA brings to client challenges. By maintaining constant attention to new developments in the market, through continuous exchanges with other market participants, GFA is able to construct appropriate approaches to various client needs, using, when suitable, new products. We would like to cite for you only a few examples. Personnel in the firm have engineered and participated in the implementation of many new products for local and state governments and public entities. GFA advised on the first master lease program by a large urban government and developed the first state revolving loan fund for clean water in the country. The firm was advisor on the first contractual refunding for an airport, utilizing a synthetic interest rate swap. GFA developed the country's first revolving loan, asset-backed economic development finance program, employed for a state-wide agency. The firm has also structured many commercial paper programs for specialized capital funding requirements (i.e., for Princeton University's new stadium and the new national headquarters for the American Red Cross). We are often retained as outside advisors and as "peer experts" on significant, complex transactions and public projects. As mentioned above, our facility with the use of innovative market products is demonstrated in the numerous interest rate swaps for which we have acted as financial advisor, utilized only when quantified and recognized to be in the best interests of the individual client. We understand and emphasize the fact that innovation, in itself, is not persuasive but must be cost-effective and prudent for a government's particular debt management needs and limitations.

- **Senior Professional Participation**

For the firm's most important clients, which the Authority would obviously constitute, J. Chester Johnson and Freda S. Johnson will provide senior consulting services. As more fully described later in our response to the RFP, each of these individuals brings decades of participation and involvement in public finance matters to the firm's engagements, and these attributes will be available at all times to the Authority. Others in the firm will be available, as necessary, consisting primarily of Stanley P. Stone, who has thirty years of experience in the public finance industry. Stan has significant depth and breadth of technical expertise. Our firm is highly selective about our client base, and we realize that the Authority should only receive advice from highly experienced professionals.

- **Concentration on Large, Complex Governmental Entities**

GFA's focus on large, complex units of government has extended our basis of public finance knowledge and expertise. For example, GFA has served as overall financial advisor for debt management and capital financing for many years to, among others, the American Red Cross; the State of Louisiana; the State of Alaska; the State of Vermont; the cities of Buffalo, New York and Virginia Beach, Virginia (the largest city in Virginia); Princeton University; Wayne County, Michigan (sixth largest in the country) and Onondaga County, New York (Syracuse); and many substantial authorities and airports, including Massport (Logan Airport in Boston), Wayne County Airport Authority (Detroit

## Government Finance Associates, Inc.

METRO Airport), Alaska International Airport Systems, Cincinnati/Northern Kentucky International Airport, the Vermont Municipal Bond Bank, the Vermont Student Assistance Corporation, and the Alaska State Revolving Loan Fund. We have also provided advisory assistance on various airport and other projects to the Port Authority of New York and New Jersey, which is responsible for LaGuardia, Kennedy and Newark Airports. Based upon the firm's acknowledged reputation and performance, among other evidence, GFA has received invitations and has participated in activities that have even further broadened its advisory activities to include providing assistance to foreign borrowers in Europe, the Republic of Russia in the development of an internal municipal market, the Federal Aviation Administration in its participation with Central European and Russian airports, and for airport privatization efforts in Canada.

- **Strong Quantification And Qualitative Skills**

We are aware that the Authority will require its financial advisor to have strong quantification and qualitative skills. Obtaining a sound credit position while continuing implementation of a capital plan will require a financial advisor which possesses both quantitative and qualitative strengths. GFA is uniquely qualified in these respects. GFA can combine qualitative capabilities as reflected by the experience and success that individuals in the firm have had and that the firm has enjoyed, together with quantification proficiency that has also been recognized in the marketplace. For example, when the State of Vermont faced a drain on the State's cash flow from economic development loans funded through the State's cash flow, GFA was selected to develop computer models and quantification structures that more clearly defined the problem. GFA, through the use of its careful quantification capabilities, prepared a complex financing structure involving revenue bonds, the State's moral obligation pledge and both fixed and variable rate debt that met the State's requirements and enhanced the State's cash position and economic development prospects. This program, as designed and implemented by GFA, has proven successful to both VEDA and the State. There are many other examples of our quantification skills which are highlighted in the body of the RFP response and which we would be pleased to discuss with Authority representatives.

- **Strategic Planning Expertise**

GFA's client activity is broader than involvement principally and primarily at the time of new issue transactions. For its clients, GFA provides continuing strategic planning advice on financial and debt matters, so that our clients are better able to conduct their future debt issuance, credit activities and overall capital planning programs. To demonstrate this more extensive participation, over eighty percent of our clients, consisting of more significant cities, counties, authorities and states in the country, have been GFA clients for more than eight years.

- **Technical and Computer Capability**

It should also be informative to the Authority to emphasize GFA's technical and computer capability, both through in-house hardware and software, to provide all of the necessary, conventional and tailored analyses related to public finance products and approaches. Over the years, GFA has also demonstrated an ability to adjust existing technical capabilities to fashion particular products for individual clients and to generate new software programs to accomplish specific purposes. We possess cutting-edge software necessary to meet our clients' needs. Indeed, several of the approaches taken with our software have become industry standards.

- **Breadth Of Services Provided**

Because of the special demands that face large governmental clients, the services that we provide "mirror" those unique challenges. While we provide normal debt management advice, we also are called upon to render other special services, which, of course, would be available to the Authority as

## Government Finance Associates, Inc.

well. Among these additional areas of advisory participation are: development of policy positions regarding Federal tax proposals, preparation of extensive and sophisticated affordability analyses, press releases and liaison, testimony before legislative and administrative bodies, analyses of budgetary impacts on debt issuance and credit conditions, among other matters. Increasingly, we have utilized the Internet for the benefit of our clients, including the State of Vermont, such as taking bids electronically for competitive sales and reinvestment opportunities and the posting of official statements and other disclosure documents on a variety of related web sites. We have developed special capacities and experienced considerable success in each of these additional areas of participation.

- **National Industry Perspectives And Participation**

GFA has taken a leading role in industry matters over the years. For example, personnel at the firm served on the drafting committee for the original Disclosure Guidelines for Securities of State and Local Governments, published by the Government Finance Officers Association. GFA was founder of the National Association of Independent Public Finance Advisors. The chairman of GFA has recently served as a director and chairman of the finance committee for the largest state revolving loan fund in the country, and he has received the Lifetime Contributions Award for Municipal Analysis from the National Federation of Municipal Analysts. The president of GFA was hired by McGraw Hill on behalf of Standard & Poor's to serve as an expert witness on behalf of S&P.

- **Proposed Compensation Structure**

It is important to emphasize the flexibility and attractiveness of the proposed compensation structure. Since it is not clear, at this point, whether the consortium of VHPA, Brascan and Emera will, in fact, win the right to purchase the subject hydroelectric assets, GFA has proposed a compensation arrangement that will allow VHPA to stop GFA's work at any time. We are not looking for a fee that would be spread over an extended period of time – rather, our compensation can end the very day that VHPA determines that it no longer needs GFA's assistance.

We appreciate the opportunity to submit this proposal. If you have any questions about the contents of this response to the RFP, please do not hesitate to contact us. We look forward to working with you as your financial advisor.

Best regards,



J. Chester Johnson  
Chairman

## Government Finance Associates, Inc.

### IV. Response Questionnaire

#### A. Company Background

1. Please provide your firm's name, address, telephone and fax numbers. Please include the name of the contact responsible for this questionnaire within your firm and his or her e-mail address and direct phone number.

J. Chester Johnson, Chairman, GFA, e-mail: [jchester.gfa@prodigy.net](mailto:jchester.gfa@prodigy.net), telephone: 212-521-4090 (direct dial) is responsible for completing the questionnaire for Government Finance Associates, Inc., located at 590 Madison Avenue, 21<sup>st</sup> Floor, New York, New York, 10022, fax: 212-521-4092. All future correspondence regarding this RFP or any other matters related to the Authority should be directed to Chester.

2. Please describe your firm's background and history. Please include principals of the firm and their backgrounds. Describe ownership structure and provide relevant information. Include a copy of your firm's latest audited financial statements.

Government Finance Associates, Inc. is an independent public finance advisory firm that assists large state and local governments, public authorities and non-profit institutions in the areas of debt management and capital financing. The firm was established in 1979 and has been a nationally recognized public finance advisor over the intervening period. The quality of independence would be, in our opinion, especially important to the Authority; unlike many public finance advisory firms that are directly or indirectly associated with underwriters or other providers of governmental services, GFA would represent to the VHPA an organization completely removed from any real or apparent conflict-of-interest that exists with many other firms. As an independent public finance advisory firm, GFA does not underwrite, bid on, negotiate for the purchase of or otherwise trade in any securities or loans. Further, GFA is not, in part or in whole, owned by an organization that underwrites, trades or otherwise purchases or invests in securities or loans. GFA does not participate in any joint operating agreement with any firm.

Because GFA is not involved in the underwriting, marketing or trading of municipal securities, or in any other services provided to state and local governments, we are able to concentrate fully on developing the optimum financing and credit improvement programs for our clients. Our independent status also allows us to draw on all aspects of the financial community in developing creative and innovative solutions to our clients' funding challenges. GFA adopted a policy at its inception that the importance of debt management activities for major governmental entities, such as the VHPA, requires the full availability of senior personnel. This principle would apply to our corporate commitment to the Authority, and the arrangement for individual responsibility in this engagement reflects this fundamental approach.

J. Chester Johnson is the chairman and founder of GFA, and he is also the sole stockholder and owner of the firm. The firm's main office is located in New York City, New York, which office constitutes the headquarters of GFA. GFA's New York office has continuous contact with the markets and the rating agencies, which give the VHPA immediate information regarding developments in public finance, general market concerns and other relevant trends. The firm has a staff of four professionals. The staffing at GFA consists of the chairman, president, managing director and office manager/research associate. We have found this staff size efficient and well-organized to maintain close personal service to each of our unique and significant clients. GFA will continue to remain highly selective in the clients it adds. The firm's capital base remains strong. GFA has no debt, and our fund balance is considerable.

## Government Finance Associates, Inc.

Regarding the individuals who will be assigned to the VHPA to act for the firm in providing financial advisory services, the core group would consist of: J. Chester Johnson, Chairman of the firm, Freda S. Johnson, President of GFA and Stanley P. Stone, Managing Director. Chester and Freda will be co-directors for the engagement. For policy, credit and critical analysis issues, Chester Johnson will provide principal and day-to-day service to the VHPA and he will be backed up fully by Freda Johnson in her capacity as co-director. As more fully discussed in the attachments, each of these two individuals has over thirty years in the business, and they are recognized leaders in domestic public finance. In addition, these two individuals will provide the firm's services for any important presentations to be made. More particularly, the co-directors for the engagement, Chester and Freda, will provide the following services: overall policy consultation; rating strategies; rating agency and bond insurer relations; debt management and quantification policy; national market developments; disclosure requirements; and credit review and recommendations. Mr. Johnson and Ms. Johnson will be available at all times to provide service to the VHPA.

Others in the firm will be available, as necessary, consisting primarily of Stanley P. Stone, who has thirty years of experience in the public finance industry, both as an investment banker and as a financial advisor. Stan has significant depth and breadth of technical expertise. Our firm is highly selective about our client base, and we realize that the Authority should only receive advice from highly experienced professionals. Each of these individuals will be available at all times, on call, to the VHPA.

In addition to these areas, Mr. Johnson will supply special services regarding new and derivative products, such as interest rate swaps, embedded derivatives, inverted floaters, optimization of note or bond investment, and similar opportunities; Mr. Johnson furnishes these services for each of the firm's clients and has written widely on the application of this type of product for public finance purposes. Also, it is expected that he will have primary responsibility for negotiation and structuring with underwriters and other professionals regarding specific debt issues. For security execution and various quantification purposes, Mr. Stone will be principally responsible. In particular, Mr. Johnson and Mr. Stone will be expected to supply the following services to the VHPA: quantification analysis for individual debt issues; market information; and analyses of proposed financing structures. Mr. Stone will be available, as needed, to provide service to the Authority. Analytical and support services will be provided by Janet Moniz.

The two senior members of the firm, J. Chester Johnson and Freda S. Johnson, are acknowledged for their credit rating experience and accomplishments. Both began their public finance careers at Moody's Investors Service. Mr. Johnson went on to head the Public Finance Advisory Group at The Morgan Bank, served in the United States Treasury Department as Deputy Assistant Secretary of the Treasury and started GFA. Mr. Johnson is acknowledged as having achieved significant success in addressing many difficult financing and rating challenges over the years that have resulted in improvement or maintenance of various credit classifications. Ms. Johnson's experience at Moody's, particularly as Chair of the Rating Committee, supplemented by her recent work for Standard & Poor's, demonstrates her exceptional grasp of the rating agencies.

GFA personnel will be available to the VHPA whenever and as needed. GFA prides itself on being highly client responsive, and we feel we have demonstrated to our clients that our personnel are always available, virtually around the clock for consultation and discussion as necessary. We will continue the firm's commitment to high quality responsiveness in the new engagement with the Authority.

## Government Finance Associates, Inc.

In response to a subsequent question, we have included the career highlights of the key personnel who will be assigned to the VHPA engagement. Complete and full curriculum vitae for each team member are attached to this RFP response.

GFA is a closely held corporation. We are recognized as a stable, profitable organization, with comparatively significant reserves and fund equity. We do not have our financial operations audited by an outside firm, but we are pleased to provide you with any supporting financial data that you require. If you wish to receive a banking reference to verify our firm's financial integrity and capability demonstrated over the years, please do not hesitate to contact: Sandy Carlson, Branch Manager, The Bank of New York, 45 Wall Street, New York, NY 10005, Telephone: (212) 495-1085. Should you be desirous of further substantiation of GFA's financial integrity, please do not hesitate to contact either of the following sources. Obviously, we are required, in this business activity, to travel extensively. Therefore, we utilize the services of American Express quite frequently, and we would recommend, as a trade credit reference, American Express for this purpose. In addition, we are also required to employ overnight mail services routinely and in large volume. In this connection, we have utilized the services of Federal Express for many years, and our track record with that organization is excellent and can be confirmed. American Express, P.O. Box 53779, Phoenix, Arizona 85072-3779, Telephone: (800) 492-3344 and Federal Express Corporation, P.O. Box 1140, Memphis, TN 38101-1140, Telephone: (800) 448-9961.

3. Please list all corporate offices and indicate which office will service the Vermont account(s).

The Vermont account will be serviced out of GFA's office in New York, New York.

4. Provide a broad overview of your firm, including any parent, affiliated or subsidiary company, and any business partners. Provide an organization chart of your firm and describe the relationship between each component and your consulting group.

GFA does not participate in any joint operating agreement with any firm. GFA has no parent, no affiliated or subsidiary company and no business partners. GFA is not involved in the underwriting, marketing or trading of municipal securities, or in any other services provided to state and local governments. There are no component units within GFA; therefore, no organization chart has been included.

5. Does your firm have a written Code of Conduct, Ethics Policy or Conflict of Interest Policy? Please include copies of each.

In the mid-1980's, GFA adopted both an Equal Employment Opportunity Policy Statement and an Affirmative Action Policy Statement; we have adhered to those statements since that time, and we would be pleased to share these two policy statements with the VHPA at any time. One of the foundations of our firm, as stated elsewhere in this RFP, is that neither GFA nor any of the individuals assigned are involved in any activities that would create a conflict or the appearance of a conflict with the proposed engagement. We make this comprehensive statement fully recognizing that the burden of making full and fair disclosure will, at all times, reside with this firm and the individuals assigned to the VHPA engagement.

## Government Finance Associates, Inc.

6. Please disclose in full detail anything that may create a conflict or appearance of a conflict of interest. Please include any financial investment by you or your firm in any underwriting activity and any joint venture, partnership or similar arrangement for any product or service with any underwriter.

There are no real or apparent conflicts of interest. There are no financial investments by either Chester or Freda or GFA in any underwriting activity nor are there any joint venture, partnership or similar arrangements for any product or service with any underwriter or any other institution.

7. Within the last five years, has your organization or an officer or principal been involved in any business litigation or other legal proceedings? If so, please provide an explanation and indicate the current status or disposition.

Within the last five years, neither GFA nor officer or principal has been involved in any business litigation or other legal proceedings. The only involvement of any officer of GFA in a legal proceeding in the last five years was when Freda S. Johnson was hired as an expert witness on behalf of the McGraw Hill Corporation/Standard and Poor's in the litigation brought by Orange County, California. She was also hired as an expert witness in litigation involving a Canadian insurance company.

8. Please describe the level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. List the insurance carrier(s) supplying the coverage.

In accordance with the insurance provided for this purpose, the Ohio Casualty Group designates it as product insurance. Since the only product that GFA supplies its clients is independent financial advisory assistance, any problems with respect to that advisory assistance would be subject to the product liability coverage that we have with the Ohio Casualty Group. According to the information we have received on this matter, the amount of coverage equals \$1 million per event. However, there is a larger issue that I would like to mention. It should be noted that to the best of our knowledge, a non-underwriting independent public finance advisor has not been required to pay a judgment reflective of damages awarded for negligent acts, errors and omissions over the period that GFA has been in existence.

### B. Management Summary

1. What is the underlying philosophy of your firm in providing financial advisory services? What are your particular strengths?

At the outset, based on corporate and professional experience in providing independent financial advisory assistance to large government and non-profit entities over many years, we believe that there are numerous factors that are integral to an effective financial advisory engagement by the advisor with the VHPA. These factors contain, among many other items, institutional and individual commitment to the client, long-term advisory consistency, effective communication and trust between the client and the advisor, and demonstrated credibility and technical proficiency by the advisor. Importantly, the client and the advisor should have mutually articulated and common goals so that the work plan for the advisor incorporates the necessary steps that lead toward the achievement of the client's, VHPA's, envisioned goals in debt management. In this connection, there are several pertinent points that should be raised to underscore GFA's approach and attitude to this engagement:

*Priority for Debt Management for the State and the VHPA.* The State of Vermont's debt management practices and philosophy, credit standing, borrowing approaches and techniques and cost of issuance all have substantial effects on governmental operations throughout the State, including the inter-governmental relations with local units and the VHPA. GFA is keenly cognizant and appreciative of the unusual importance that debt management has for the State and the related entities, such as VHPA,

## Government Finance Associates, Inc.

and we have attempted to communicate our attitude in this regard by the effort we have given to the debt management activities over the course of our engagements in Vermont in the past.

*Experienced Personnel.* It is our corporate philosophy that the importance of debt management in the State, including the VHPA, mandates senior, seasoned personnel from your advisor. In this connection, we will service the VHPA in exactly the same way that GFA has serviced its engagement with the State of Vermont over the last decade. J. Chester Johnson, a veteran of the financial advisory business with three decades of public finance experience, will be the day-to-day contact person and will be responsible for the account. Freda S. Johnson, another veteran of the public finance business with approximately the same number of years and experience in the industry, will assist Mr. Johnson as a senior advisor. Stanley P. Stone, Managing Director, with approximately thirty years in the public finance field at both investment banking firms and as a financial advisor, will round out the professional personnel assigned to the VHPA. At all times, the overall advisory assistance provided to the Authority by GFA will be received from personnel with substantial and unique participation in the public finance field.

*Immediate and Continuous Access to Advisory Team.* As indicated elsewhere in the proposal, GFA limits its participation to a select client base. As such, personnel at GFA can make themselves available virtually at all times to the VHPA. We make ourselves available at all times - before normal business hours, during business hours, and in the evenings and during holidays and weekends - as demands are established by the VHPA for our services. Even while we are on business trips, we make sure that clients can always reach us, as needed.

*Debt Issuance Approach.* The GFA philosophy to developing and marketing VHPA debt issues will rely not only on garnering the highest possible ratings (as much thought and energy will be directed to this end), but also on broadening general market awareness of the issue(s) and its special credit and other features. This portion of the new issue process involves reaching the key market opinion-makers in a way that ensures interest and participation in the VHPA's debt securities. GFA will also assist the VHPA in managing any potential market impact of negative financial or economic news. This approach and GFA's corporate contacts will prove invaluable in helping to create positive market opinions for the debt issues of the Authority.

Structuring of the issue plays an important role in the marketability of the issue. Therefore, GFA's broad experience with marketing debt of all types and features as well as our frequent and recent participation in the current market make us very well suited to be the VHPA's financial advisor. Because GFA serves a large number of issuers and large governments, we are constantly up to date on the national market.

GFA maintains contacts with a large number of municipal market participants and is able to identify and track major trends in the marketplace. GFA draws on all aspects of the financial community in developing creative and innovative solutions to our clients' funding challenges. Furthermore, GFA is directly involved in the evolving Federal participation in the state and local securities' market and maintains contacts with Federal officials and other decision-makers on tax policy and related issues that affect our clients.

As stated elsewhere in this proposal, GFA has demonstrated its electronic data processing capabilities in many instances and has adjusted this capability to tailor individual products for our clients. The results of this data manipulation capacity include measurable and significant products for many of our clients, including, among others, multi-year forecasts and detailed affordability analyses.

## Government Finance Associates, Inc.

*Method of Resolving Resources.* It is our firm's guiding principle that we will simply not take on business that will compromise our ability to service existing clients on a continuing basis effectively. We have very often turned down the opportunity for new business so that resources are not diluted at the expense of current clients. The Authority can expect that if we are allowed to become financial advisor, GFA will be extremely responsive to the needs of the Authority.

*Cost Control.* We will work assiduously with the VHPA to maintain cost effective debt management operations, and these activities will show cost-effective results for professional services provided in connection with the Authority's debt management program.

*Proposed Compensation.* As more fully described herein, GFA's cost proposal is very attractive to the VHPA. In this connection, GFA is prepared to accept the LOWER of our proposed compensation structure or the lowest responsible bid submitted by comparably recognized financial advisory firms who are finalists in the selection process. We respectfully request that the figure submitted by the lowest responsible finalist be subject to our approval. We believe that the VHPA is significantly advantaged by this proposal with respect to both the price for the prospective engagement as well as the flexibility that our proposal has established.

*Coordination Efforts.* Chester Johnson will be the daily respondent to the VHPA's requirements unless there are specific projects for which Freda Johnson or Stan Stone is the point person. For example, Freda has occasionally interfaced with the rating agencies on fees, agency attitudes on various matters, and other issues, as appropriate, and Stan has coordinated closings and printer bids and conducted various and numerous bond and note mathematical confirmations, refundings, etc. The policy issues, the quantification exercises, the inquiry responses are all extensively coordinated with Chester so that all relevant matters related to the Authority's engagement can be centralized for scheduling and timely and substantive responsiveness.

*Commitment of the Firm.* Since the project director for the VHPA engagement is also the owner of GFA, then the resources and commitment of the firm are at all times fully at the disposal of the Authority. Because of the personal service nature of the financial advisory business, it is frequently difficult, if not impossible, to separate the personal role and the corporate role of the advisor. With GFA, this distinction is not pertinent, as both personal and corporate aspects will be combined to represent the unqualified commitment of the firm to the VHPA, facilitating scheduling and planning processes for benefit to the Authority.

Unlike many firms that are focused largely on corporate growth, GFA's goal is to provide optimal financial advisory services on debt management to substantial, highly visible governments, public authorities and non-profit entities. In this context, we are certainly adverse, as a corporate philosophy, to any action that would connote an inclination to "bait and switch", a tactic that is frequently employed by many firms in the public finance industry, either as advisors or as underwriters. In fact, we are certainly willing to state specifically in any contractual arrangements with the VHPA the individuals who will have responsibility for the advisory assistance.

*Women and Minority Participation.* Although GFA is technically not considered a Minority Business Enterprise, as the firm is owned by J. Chester Johnson, Chairman and sole stockholder of the firm, there are two professional women senior managers and officers of the firm, Freda S. Johnson and Janet C. Moniz (Treasurer), or 50% of the total professional work force. Over the years, GFA has taken special efforts to assign major activities and business of the firm to minority and women-owned

## Government Finance Associates, Inc.

businesses in the area of the purchasing of goods and services. For example, we often produce extensive information documents and products for our clients, including the production of official statements and credit information documents; in this connection, we have subcontracted a considerable amount of this work to a woman-owned business. In addition, our corporate law firm, which we utilize for our continuing corporate legal requirements, is headed by a woman, Gale Fieldman, in New York City. Further, GFA has frequently over the years worked cooperatively with minority business interests. We believe that our record in encouraging and assisting woman-owned and minority business enterprises is particularly noteworthy.

**2. How many financial advisory consultants does your firm have? Please describe the respective seniority of each. For how many clients is each responsible?**

GFA's financial advisory consultants include: J. Chester Johnson, Chairman of the firm, Freda S. Johnson, President of GFA and Stanley P. Stone, Managing Director. Each of these three individuals is involved in some aspect of the activities of each of GFA's clients. We believe that the VHPA recognizes the need for both corporate and professional stability from its financial advisor. We realize that virtually every firm that submits a proposal for the position of financial advisor to the VHPA will underscore a series of reasons why it will supply greater corporate and professional stability than other firms.

It should be recognized that people in the public finance industry move from firm to firm quite often. There are several reasons that we do not believe the Authority will be faced with the possibility of the absence of continuity in the staffing of this engagement from GFA. Among the more telling reasons are, as follows:

- The two individuals who will be principally involved with Vermont have shown considerable stability in their public finance careers. Freda has been with only two firms for thirty-one years, spending twenty-one of those years at Moody's Investors Service, where she headed the Public Finance Department. For nearly twenty-five years, Chester has been head of Government Finance Associates, Inc.
- The two primary individuals who will be responsible for this engagement are personal owners in the business and would be much more reluctant to change positions in light of the historical success that the company has enjoyed over its corporate life; in this respect, the VHPA should be able to expect unusual corporate commitment considering the special relationship that exists between the company and the principals who will be responsible for this engagement.
- GFA is probably the most selective firm in the financial advisory business in terms of responding to new business opportunities. As evidence of this fact, it should be emphasized that GFA submits proposals on much less than five percent of the requests for proposals that it receives, while many financial advisors, as a matter of practice, routinely will submit proposals for every RFP that they receive. Unless the prospective client fits closely into the overall business plan and existing client base that GFA has constructed, the firm simply will not propose for the particular business opportunity. The VHPA most assuredly fits within these two criteria, and we, therefore, believe that the needs and capabilities of the Authority and GFA are matched suitably, if not uniquely.
- It is certainly appropriate to consider quality, continuity, and immediate availability of assigned personnel by virtue of the performance by the firm and its personnel in the past. In this context, it is informative to reiterate a point made elsewhere in this proposal: Over eighty percent of our clients,

## Government Finance Associates, Inc.

consisting of some of the more significant states, cities, counties, authorities and non-profit entities in the country, have been with GFA for eight years or more; this continuity of client base is clearly reflective of continuity of GFA performance and personnel for a client, such as the VHPA.

For all the reasons identified above, we pledge that the VHPA will receive the continuity of staffing and immediate availability of assigned personnel. GFA staff assigned to this engagement will be able to devote full attention to the Authority's needs.

3. Please provide a full biography for each consultant that will be assigned to the Vermont account. Include biographies of other key personnel who may be involved in special projects for the State.

Following are the summaries of the career highlights of the key personnel who will be assigned to the State engagement. Complete and full curriculum vitae for each team member are attached to this RFP response.

J. Chester Johnson is Chairman and owner of Government Finance Associates, Inc., (GFA). Mr. Johnson, who has been in the public finance field for over thirty years, established GFA in 1979. GFA is headquartered in New York City. Prior to establishing GFA, Mr. Johnson served as Deputy Assistant Secretary at the U. S. Treasury Department in 1977-78. Previously, he was Head of the Public Finance Research and Advisory Group at The Morgan Bank, New York City. Mr. Johnson began his public finance career in 1968 at Moody's Investors Service, a nationally recognized credit rating agency for state and local governments. In 1988, Mr. Johnson received the Lifetime Contributions Award for Municipal Analysis from the National Federation of Municipal Analysts. He was also a founder and is past chairman of the National Association of Independent Public Finance Advisors. For four years, he was one of three outside directors, gubernatorial appointee, and chairman of the Finance Committee of the New York State Environmental Facilities Corporation, the nation's largest state revolving loan program for water pollution purposes. Mr. Johnson is the author of several books and numerous articles on public finance. In 1989, he was appointed to serve on a joint American-Russian task force to establish a new public finance system for the former Soviet governments. He appears in WHO'S WHO IN AMERICA, WHO'S WHO IN THE EAST, INTERNATIONAL LEADERS IN ACHIEVEMENT, 2,000 NOTABLE AMERICAN MEN, PERSONALITIES OF AMERICA, MEN OF ACHIEVEMENT, DIRECTORY OF INTERNATIONAL BIOGRAPHY, among others. Mr. Johnson was educated at Harvard College and the University of Arkansas.

Freda S. Johnson has been President of Government Finance Associates, Inc. (GFA), since October, 1992 and previously had been Special Consultant, from November, 1990, when she joined the firm. Prior to joining GFA, from 1979 through 1990, Ms. Johnson was Executive Vice President and the head of the Public Finance Department of Moody's Investors Service, the nationally recognized rating agency. At the time of her departure, the Department had some 35,000 outstanding municipal bond ratings and a staff of 230. She began her career as a municipal bond analyst at The Dun & Bradstreet Corporation and its subsidiary, Moody's. She received her B.A. degree in Political Science from Queens College (and is currently a member of its Corporate Advisory Board) and attended the Harvard University Graduate School of Business Administration's Advanced Management Program. Ms. Johnson is a past member of the Board of Directors of the National Association of Independent Public Finance Advisors. Since 1990, Ms. Johnson has been a member of the Board of Directors of the Municipal Bond Investors Assurance Corporation, Inc. (MBIA); she has announced her plan to leave the Board in December, 2004. Ms. Johnson has been an Adjunct Professor at the Columbia University Graduate School of Business and a member of the Municipal Securities Rulemaking Board's MSIL

## Government Finance Associates, Inc.

Committee on the dissemination of disclosure information and a member of the National Association of State Auditors, Comptrollers and Treasurers' National Advisory Board on State and Local Government Secondary Market Disclosure. She had been involved in the creation of a system of public finance in the Republic of Russia. Ms. Johnson was a member of the Anthony Commission on Public Finance from 1988 through 1992, and is a past President and past member of the Board of Governors of The Municipal Forum of New York, 1984-1988. She has testified before numerous Congressional committees and the Securities and Exchange Commission and has made presentations to, among others, the GFOA, NACO, USCM, NAST, NFMA, PSA. Ms. Johnson has been listed in twenty separate editions of "Who's Who", including "Who's Who in the World", "Foremost Women of the Twentieth Century", and "The International Who's Who of Professional and Business Women". She has authored many works on public finance and has been quoted in The Wall Street Journal, The New York Times and The Bond Buyer.

Stanley P. Stone is a Managing Director with GFA. Prior to joining GFA, Mr. Stone served for thirteen years in the public finance departments at three major national brokerage firms and for over fifteen years as an independent consultant. His investment banking experience includes two years as a Senior Vice President in the Public Finance Department at L.F. Rothschild, eight years in the Public Finance Department at Shearson Lehman Brothers, and three years in the Public Finance Department at Smith Barney. During his thirty year career in public finance, Mr. Stone has participated in numerous tax-exempt financings throughout the United States. Among the transactions in which he has participated are bond and notes issues for general obligation financings; airport facilities; water, sewer and electric utilities; housing and health care facilities; stadiums and convention centers; student loan financings; and pollution control and industrial development projects. Since 1972, Mr. Stone has worked extensively in the development and implementation of computer-based systems relative to the quantitative analysis of municipal securities financings. He has significant experience in debt structuring, bond issue sizing, yield determination, and the preparation of cash flow schedules in connection with all types of new money and advance refunding issues. Prior to entering the field of public finance, Mr. Stone served for three years in the U.S. Navy as a commissioned officer. He graduated from Boston University with a Bachelor of Science degree in Business Administration, *cum laude*, and from the Columbia University Graduate School of Business with a Master of Business Administration degree in Finance.

4. List all current clients covered by the individual(s) that will cover the State of Vermont account. Include the scope of work performed for each.

Please see the attachment to this RFP entitled, "Principal Current Client Activities", which describes all current clients of GFA.

5. What percentage of your revenues is derived from financial advisory services? What other services does your firm provide?

Of GFA's revenues, 100% are derived from public finance advisory services. GFA does not provide services other than public finance advisory services, including, on occasion, expert testimony for certain cases.

### C. Financial Advisory Services

1. Describe in detail your process for developing and structuring procedures for the issuance of tax-exempt bonds. Describe in detail how this process differs with credit enhancement, lease financings, asset-backed or taxable issuance.

As discussed in detail elsewhere in this RFP response, GFA has long-standing depth and breadth of experience with virtually every type of debt instrument in the municipal market, both tax-exempt and

## Government Finance Associates, Inc.

taxable. In this section, we will review for you our development and structuring procedures for various types of bonds. It should be noted that with respect to the credit enhancement, lease financing, asset-backed or taxable issuance, many of our clients have employed these approaches. There are a series of phases through which a financing will be developed regardless of the ultimate financing and credit characteristics.

*Step One: Debt Capacity Issues.* GFA believes that the appropriate analytical approach begins with the economic fundamentals of the borrower, and the financing structure should be prepared to address those fundamental characteristics. Of course, these factors bear directly on the development of both new money and refunding financings. The following would be incorporated in various ways into the analytical criteria being applied to new money and any refunding borrowings:

- cash flow: sufficiency of current and anticipated cash receipts to support debt service on a continuing basis in adequate amounts and with retention of reasonable flexibility to finance indebtedness;
- debt capacity: achievement of debt capacity that allows the VHPA to balance and to satisfy programmatic requirements;
- future financial pressures: because no single debt issue can be viewed in the absence of future considerations, the VHPA would construct its debt program taking into account the particular financial, budgetary and cash flow challenges as they are expected to arise in future years;
- sensitive credit features: sources of economic activity, timing of future financial commitments, programmatic constraints, competitive factors should be considered by the VHPA and its advisor in the structuring and sale of the debt issues.

*Step Two: Sale Features.* Against the backdrop of the VHPA's characteristics and debt modeling requirements for the satisfaction of programmatic and direct economic reasons, the Authority and GFA can then proceed to utilize the condition of and products in the market to accommodate the Authority's needs. Among the criteria to be considered are:

- tailored debt products: the market is diverse and responsive; in turn, there are a variety of financing products that can be employed to relate to the VHPA's economic features. Over time, the Authority will wish to explore alternatives available in the market place.
- maturity schedule: the principal repayment model chosen, whether for long-term or short-term securities, will create a key future liability for the VHPA and will determine thereby the extent to which financial and debt management flexibility will be retained; the repayment schedule will have a major influence upon determining and relying upon the financial products to be employed.
- type of security: initially, VHPA will need to consider a combination of options, including self-supporting debt and possibly State-supported debt. In this case, VHPA may need to sell both long-term and short-term tranches with different credit structures for each type. If the VHPA were to decide to issue variable rate debt, some form of credit enhancement would be needed. Bond insurance may be cost effective for long-term debt by the VHPA, depending upon the underlying rating level achieved for the VHPA.
- other market considerations: market dynamics will also drive the debt sale's results, and the use of a credible evaluation methodology for confirming the condition of the market, including the cost of a call option, premium and discount pricing, among other factors, is a key element in appropriately structuring the features and sale of debt.

## Government Finance Associates, Inc.

*Step Three: Verifying Market Pricing.* GFA reviews and advises on at least the following items as part of the structuring debt transactions. The weighting of the factors will change depending on whether the debt transactions are being sold as fixed rate or variable rate debt:

- relative volatility of market;
- pricing and "spreads" for comparable issues (size, type, credit);
- slope of current yield curve;
- directly competitive issues
- relative and absolute interest rates;
- use of take-downs/sales commissions consistent with current market so that higher interest rates alone do not sell the bonds;
- management fee reflects fair compensation for structuring and managing deal;
- marketability of debt within the region

*Step Four: New Issue Considerations.* The GFA approach to developing, structuring and marketing the VHPA's debt issues would rely not only on garnering the highest possible ratings (as much thought and energy is directed to this end), but also on broadening general market awareness of the issue(s). This portion of the new issue process involves reaching the key market opinion-makers in a way that ensures interest and participation in the VHPA's bonds. GFA will provide the Authority with direct and effective access to the opinion-making leaders of the national financial community. GFA will also assist the VHPA in managing any potential market impact of negative financial or economic news. This approach and GFA's corporate contacts have proven invaluable in helping to create positive market opinions for the debt issues of GFA's clients.

Further, GFA is in daily contact with market-makers and will help to stimulate interest in the Authority's offerings. GFA maintains contacts with a large number of municipal market participants and is able to identify and track major trends in the marketplace.

*Step Five: Technical Support:* As stated elsewhere in this proposal, GFA has demonstrated its technical processing capabilities in many instances and has adjusted this capability to tailor individual products for our clients. The results of this data manipulation capacity include measurable and significant products for many of our clients, including, among others, multi-year forecasts and detailed affordability analyses. It is also important, in discussing this firm's research and technical staff support capabilities, to focus on our special attention to credit matters. Over the years, GFA has been contacted and engaged specifically for the purpose of providing comparative and quantitative credit analysis for clients.

GFA provides all the traditional services in preparing and structuring issues as to maturity, design and disclosure statements, as well as more complex analysis required for revenue bond financings, advance refundings, interest rate swaps and other more complicated structures. GFA offers analytical expertise in services that have been traditionally performed by underwriters at premium prices. Additionally, the independence of GFA, having no affiliation with any other firm and not participating in the buying, selling, investing or trading of securities, enables GFA to obtain broad-based market information from a variety of sources.

GFA's computer capabilities allow us to provide all the services the VHPA will require. In addition to packaged software, GFA personnel can and have developed customized computer models for specific projects. Indeed, many of our customized computer models have become standards in specific areas for the industry. This capability will enable the VHPA to explore many financing alternatives and to quantify the impact of factors which affect financing costs and project feasibility.

## Government Finance Associates, Inc.

The steps set forth above would not be altered, generally speaking, in the pursuit of a transaction involving credit enhancement, lease financing, asset-backed or taxable issuance. A case in point is the recapitalization of the VEDA.

GFA was a financing architect of the recapitalization program for VEDA that sold its initial issue of leveraged escrow bonds in September, 1997. As financial advisor to both the State of Vermont and to the VEDA, GFA helped to develop a program that removed VEDA from the use of the State's general fund by securitizing and selling long-term debt against the State's portfolio of more than two hundred economic development loans. The proceeds of the borrowing were utilized to recapitalize VEDA and to provide an ongoing subsidy for VEDA operations, with existing revenues from the loan portfolio being employed for the payment of debt service on the bonds recently sold.

Ultimately, the required debt issuances by VEDA included credit enhancement (i.e., First Union letter of credit, the State's moral obligation and bond insurance), taxable issuance on approximately one-half of new program loans, asset support on all new business loans and asset securitization of a portfolio financing. The financing team simply adopted the uses of credit enhancement, asset-backed structures and taxable issuances for VEDA as a result of the requirements placed on the transaction by the underlying credit structure (i.e., for credit enhancement and asset support) and tax law restrictions (i.e., for taxable issuance).

The relevance of each of these factors on the development and structuring process is described below:

*Credit Enhancement:* As a general matter, credit enhancement is not a method of making a non-feasible project feasible. Rather, it is simply a market improvement device – such as allowing an A-rated credit to sell as a triple-A rated issue through bond insurance. For short-term transactions, credit enhancement – either through a letter of credit or a line of credit – provides liquidity if debt cannot be rolled over. Thus, credit enhancement is considered in the context of marketability matters, not as a part of the basic feasibility review.

*Lease Financings:* Lease financings are often employed by governments or authorities for the purpose of circumventing debt restrictions. For example, an issuer may have more repayment flexibility with lease financing. It is normally more expensive than senior lien debt since it usually carries a rating one notch below the issuer's senior debt. Because of the greater costs with lease financing, our normal evaluation process would only include a review of the lease financing approach if it appears that a more liberal debt repayment schedule or similar device is needed or senior debt itself cannot be employed.

*Asset-Backed:* Securitization of debt through pledged assets has gained more popularity in recent years as a means of selling debt. Such structures require coverage ratios to be met through a favorable revenue stream (over-collateralization).

*Taxable Issuance:* Taxable issuance is simply a function of tax law and regulation. If tax-exempt standards cannot be met, then an issuer is required to pursue a taxable sale. However, there are crucial economic ramifications as a result. The fixed cost of debt service will rise through taxable issuance and can erode the economic feasibility of a debt financing by reducing the debt service coverage. Thus, if taxable debt must be issued for a project, then the financial feasibility and cash flow effects will have to be examined more carefully; however, the basic analytical approach will not change – it will just create increased sensitivity and economic stress tests. Additionally, some issuers choose to issue taxable debt in order to avoid a series of Federal tax restrictions.

## Government Finance Associates, Inc.

It is very possible that the VHPA may utilize one or more of these arrangements and GFA, as shown in other parts of our proposal, has advised on financings that incorporate these features for many of our clients; indeed, the amount of debt using one or more of these features for which GFA was financial advisor aggregates many billions of dollars.

- 2. List all competitive, negotiated or private placement of debt for which you played the senior financial advisory role in the past three years. Describe each offering.**

The following data were obtained from Thomson Financial Securities Data: In addition to these negotiated and competitive public issuances, there were, over the same time frame, approximately twelve private placements for which GFA was financial advisor for the Massachusetts Port Authority; Vermont Student Assistance Corporation; American Red Cross; Buffalo Municipal Water Finance Authority; and Buffalo Sewer Authority. The par value of these private placement issues aggregates approximately \$1.1 billion.

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## Government Finance Associates, Inc.

Municipal New Issues  
Financial Advisor: Government Finance Associates  
2001

Sale Date	Issuer	Amount of Issue (\$Mil)	Bid	Issue Description
01/18/01	Wayne Charter Co-Michigan	141.900	N	Airport Revenue Bonds
01/25/01	Office Facilities Corporation	97.000	N	Lease Revenue Bonds
02/16/01	Buffalo-New York	11.100	N	School Bonds
02/16/01	Buffalo-New York	28.686	N	General Improvement Bonds
02/16/01	Buffalo-New York	31.585	N	Refunding Bonds
02/23/01	Massachusetts Port Authority, MA	5.400	N	Special Proj Rev Ref Bonds
02/23/01	Massachusetts Port Authority, MA	37.100	N	Special Proj Rev Ref Bonds
03/07/01	Wayne Charter Co-Michigan	11.290	N	Airport Hotel Revenue Bonds
03/07/01	Wayne Charter Co-Michigan	99.630	N	Airport Hotel Revenue Bonds
03/27/01	Broome Co-New York	37.300	C	BANs
05/09/01	Onondaga Co-New York	27.575	C	General Obligation Bonds
05/18/01	NYS Municipal Bond Bank, New York	27.415	N	Special Prog Rev Bonds
06/06/01	Virginia Beach-Virginia	48.500	C	GO Public Improvement Bonds
06/13/01	Buffalo Sewer Authority, New York	7.000	N	BANs
06/14/01	Louisiana	125.365	N	GO Refunding Bonds
06/15/01	Vermont Student Assist Corp	80.000	N	Education Loan Revenue Bonds
06/15/01	Vermont Student Assist Corp	84.750	N	Education Loan Revenue Bonds
06/27/01	Buffalo-New York	120.000	N	RANs
07/19/01	Vermont Municipal Bond Bank	38.520	N	Revenue Bonds
08/01/01	Massachusetts Port Authority, MA	497.585	N	Special Facilities Revenue Bonds
10/10/01	Vermont Ed & Hlth Bldgs Fin Agy	8.760	N	Revenue Bonds
10/31/01	Vermont	46.000	C	General Obligation Bonds
11/01/01	LA Tobacco Settlement Fin Corp	282.975	N	Tobacco Settlement Bonds
11/01/01	LA Tobacco Settlement Fin Corp	919.795	N	Tobacco Settlement Bonds
12/20/01	Buffalo-New York	34.000	N	School Bonds
12/20/01	Vermont	5.000	N	General Obligation Bonds

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# Government Finance Associates, Inc.

Municipal New Issues  
Financial Advisor: Government Finance Associates  
2002

Sale Date	Issuer	Amount of Issue (\$Mil)	Bid	Issue Description
02/21/02	Louisiana	252.470	C	General Obligation Bonds
03/05/02	Virginia Beach, VA	95.000	C	Public Impvt. & Refunding Bonds
03/06/02	Broome Co-New York	32.095	C	Public Impvt. Bonds
03/07/02	Kenton Co. Airport Board	91.625	N	Airport Revenue Refunding Bonds
03/26/02	AIAS	13.060	N	Airport Revenue Bonds
03/26/02	AIAS	127.720	N	Airport Revenue Bonds
04/10/02	Alaska	16.000	C	Certificates of Participation
04/16/02	Broome Co-New York	10.955	C	BANs
04/30/02	Onondaga Co-New York	41.173	C	General Obligation Bonds
04/30/02	Wayne Charter Co-Michigan	141.720	N	Airport Revenue Bonds
05/03/02	Buffalo, New York	79.385	N	General Improvement Bonds
06/14/02	Virginia Beach Development Auth.	3.040	N	Public Facility Revenue Bonds
06/14/02	Virginia Beach Development Auth.	20.815	N	Public Facility Revenue Bonds
06/27/02	Buffalo, New York	75.000	N	RANs
07/18/02	Vermont Municipal Bond Bank	34.640	N	Revenue Bonds
07/24/02	Wayne Charter Co-Michigan	26.435	N	Airport Revenue Refunding Bonds
07/24/02	Wayne Charter Co-Michigan	76.030	N	Airport Revenue Refunding Bonds
08/15/02	Louisiana	275.000	N	Gasoline & Fuels Rev Bonds
08/21/02	Vermont	75.000	C	RANs
10/08/02	Vermont Student Assist Corp	112.500	N	Educational Loan Revenue Bonds
10/21/02	Buffalo Municipal Water Fin Auth.	11.785	N	Water Sys Rev Bonds
10/29/02	Virginia Beach, Virginia	28.000	C	Water & Sewer Sys Rev Bonds
11/15/02	Mississippi River Bridge Auth.	19.900	N	Bridge Revenue Bonds
12/04/02	Vermont	29.560	C	GO Refunding Bonds
12/04/02	Vermont	30.800	C	General Obligation Bonds
12/18/02	Louisiana Public Facilities Auth.	36.600	N	Revenue Refunding Bonds

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## Government Finance Associates, Inc.

Municipal New Issues  
 Financial Advisor: Government Finance Associates  
 2003

Sale Date	Issuer	Amount of Issue (\$Mil)	Bid	Issue Description
01/30/03	Vermont	5.000	N	G. O. Bonds
04/09/03	Alaska	102.805	C	G. O. Bonds
04/09/03	Alaska	359.130	C	G. O. Bonds
04/11/03	Kenton County Airport Board	61.000	N	Airport Auction Rate Rev. Bonds
04/11/03	Kenton County Airport Board	76.515	N	Airport Revenue Bonds
05/15/03	Louisiana	290.790	C	G. O. Bonds
05/20/03	Vermont Student Assistance Corporation	360.900	N	Education Loan Revenue Bonds
05/22/03	Massachusetts Port Authority	80.025	N	Airport Revenue Bonds
05/22/03	Massachusetts Port Authority	308.170	N	Airport Revenue Bonds
05/29/03	Virginia Beach, Virginia	50.000	C	Public Improvement Bonds
05/29/03	Virginia Beach, Virginia	51.205	C	Refunding Bonds
06/01/03	Vermont Economic Development Authority	25.000	N	Economic Develop. Rev. Notes
06/01/03	Vermont Economic Development Authority	50.000	N	Economic Develop. Rev. Notes
07/10/03	Kenton County Airport Board	23.065	N	Airport Revenue Refunding Bonds
07/10/03	Onondaga Co-New York	5.360	C	G. O. Bonds
07/10/03	Onondaga Co-New York	18.530	C	Public Improvement Ref. Bonds
07/10/03	Onondaga Co-New York	27.700	C	G. O. Bonds
07/10/03	Vermont Municipal Bond Bank	63.035	N	G. O. Bonds
07/30/03	Vermont Educational & Health Bidg. Auth.	15.000	N	Revenue Bonds
08/06/03	New Jersey Educational Facilities Auth.	75.000	N	Princeton University Rev. Bonds
08/12/03	Alaska	14.145	C	Certificates Of Participation
09/09/03	Virginia Beach Development Authority, Virginia	165.000	C	Public Fac. Revenue Bonds
09/10/03	Buffalo Sewer Authority, New York	48.375	N	Sewer System Revenue Bonds
09/11/03	Erie County Industrial Development Auth.	180.335	N	School Facility Revenue Bonds
09/15/03	Buffalo, New York	120.000	N	Revenue Anticipation Notes
09/19/03	New Jersey Educational Facilities Auth.	114.495	N	Princeton University Rev. Bonds
10/22/03	Louisiana Office Facilities Corp	115.000	N	Lease Rev & Refunding Bonds
11/20/03	Vermont Student Assistance Corporation	22.155	N	General Obligation Bonds
12/04/03	Alaska International Airport System	21.900	N	Revenue & Refunding Bonds
12/04/03	Alaska International Airport System	73.025	N	Revenue & Refunding Bonds
12/10/03	Wayne Co Airport	54.200	N	Airport Rev Ref Bonds
12/10/03	Wayne Co Airport	291.525	N	Airport Rev & Rev Ref Bonds

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# Government Finance Associates, Inc.

Municipal New Issues  
Financial Advisor: Government Finance Associates  
2004

Sale Date	Issuer	Amount of Issue (\$Mil)	Bid	Issue Description
01/16/04	Buffalo, New York	10.285	N	Refunding Bonds
02/04/04	Vermont	137.457	N	G. O. Refunding Bonds
02/25/04	Vermont	42.200	C	G. O. Bonds
05/25/04	Vermont Student Assistance Corporation	209.200	N	Education Loan Revenue Bonds
05/27/04	Buffalo, New York	2.700	N	School Bonds
05/27/04	Buffalo, New York	15.245	N	General Improvement Bonds
06/02/04	Virginia Beach, Virginia	65.000	C	G. O. Public Improvement Bonds
06/03/04	Vermont Student Assistance Corporation	65.800	N	Education Loan Revenue Bonds
06/29/04	Vermont Municipal Bond Bank	98.350	N	Refunding Bonds

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## Government Finance Associates, Inc.

3. Please address each item in Section III, focusing on your ability to perform each required service for the VHPA. Include examples of offerings or reports if appropriate.

Over the course of the engagement with VHPA, GFA would expect to consider and provide, as appropriate, each of the services listed in Section III, Scope of Services. The following will categorize those services reflected in GFA's relevant experience and successes:

### Qualitative Responses:

For a variety of clients both in Vermont and outside the State, GFA has developed numerous tools that have assisted those borrowers to execute their debt management programs effectively.

Development of Comprehensive Debt Management Program	Combination of Credit Devices
Strategies for Rating/Credit Improvement	Modernized Debt Structures
Debt Affordability	Rating Agency/Investor Outreach Programs
Increased In-State Distribution	Codification of Debt Management Procedures
Refinancing Options	Expansion of Financing Options

### Quantitative Ability:

It is noteworthy that GFA has both the in-house hardware and software to provide all of the conventional analyses related to the following public finance products and approaches for the benefit of the VHPA:

Debt service schedules for bonds and notes	Current and advance refundings
Pro forma debt service cash flows	Compound interest bonds
Arbitrage yield calculations	Non-uniform debt repayment
Revenue & bond anticipation note computations	Cash defeasance structures
Variable rate calculations	Interest rate swap evaluations
NIC/TIC bids	Average life for debt products
Equipment lease/COP computations	Reinvestment yield comparisons
Zero coupon bonds	Competitive price awards
Mini-bond computations	

In addition to the technical and computer capacity, we have, over the years, demonstrated an ability to adjust existing capabilities to tailor particular products for individual clients and to generate new programs to accomplish specific purposes. For example, VHPA is probably aware of the reports we prepare annually for the Vermont Debt Affordability Advisory Committee in determining the amount of general obligation debt the State of Vermont should authorize each year. Our computer and spread sheet capability is evidenced in these reports.

## Government Finance Associates, Inc.

### Range of Financing Types:

The following list sets forth the various debt instruments GFA has employed, in one form or another, in establishing a cost-effective financing plan for our clients:

General Obligation Bonds and Notes	Tax Increment Bonds
Taxable Bonds	Pooled Loans
Tax-Exempt Commercial Paper (State and Local)	Transportation Revenue Bonds
Water and Sewer Revenue Bonds	Master Equipment Lease Debt
Private Activity Debt	Grant Anticipation Notes
Lease Rental and Lease Purchase Bonds	Current and Advance Refundings
Revenue Anticipation Notes	Cash Defeasance Refinancings
Bond Anticipation Notes	Rate Stabilization Financings
Letters and Lines of Credit Transactions	Special Assessment Bonds
Special Tax Bonds	Credit Enhanced Obligations
Excise Tax Bonds	Variable Rate Bonds and Notes
"Put" Bonds	Mini Bonds
Zero Coupon Bonds	Foreign Currency-Denominated Bonds
Compound Interest Bonds	Multi-Modal Bonds
Limited Obligation Bonds	Tranche Bonds
Double-Barreled Bonds	Conventional Interest Rate Swaps
Forward Rate Swaps (Bi-Modal)	Negotiated Private Placements
Competitive Private Placements	RIBs and SAVRs, ARCs
Certificates of Participation	Swaptions
London Inter-Bank Overnight Rate (LIBOR) Transactions	Securitized Tobacco Bonds

### Traditional Services

GFA provides all the traditional services in preparing and structuring issues as to maturity, design and disclosure statements, as well as more complex analysis required for revenue bond financings, advance refundings, interest rate swaps and other more complicated structures. GFA offers analytical expertise in services that have been traditionally performed by underwriters at premium prices. Additionally, the independence of GFA, having no affiliation with any other firm and not participating in the buying, selling, investing or trading of securities, enables GFA to obtain broad-based market information from a variety of sources.

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## Government Finance Associates, Inc.

GFA's computer capabilities allow us to provide all the services the VHPA will require. In addition to packaged software, GFA personnel can and have developed customized computer models for specific projects. Indeed, many of our customized computer models have become standards in specific areas for the industry. This capability will enable the VHPA to explore many financing alternatives and to quantify the impact of factors which affect financing costs and project feasibility. GFA will develop and provide recommendations regarding the following:

- Type of Financing:
  - Negotiated Sale
  - Competitive Sale
  - Private Placement
- Type of Optimized Maturity Schedule Suited to Market Conditions:
  - Level of Debt Payment Schedule
  - Level of Principal Schedule
  - Level of Tax Rate or Pledged Revenue Schedule
  - Wrap-Around Structure for Outstanding Bonds
  - Other Schedules Within Statutorily Required Cash Flow
  - Term Bonds with Mandatory Sinking Funds / Bullets
  - Maximum Allowable Debt Service
- Use of Marketing Features Including:
  - Discounts / Premiums
  - Call Features
  - Zero Coupon / Capital Appreciation Bonds
- Selection of Other Parties to the Transaction Through RFP Process:
  - Underwriters
  - Trustee, Registrar, Paying Agent
  - Bond Counsel
  - Financial Printer
- Generation of a Task Schedule for Each Sale Which Includes the Responsibilities of Bond Counsel, the State, the Trustee/Registrar, Other Parties to the Transaction and GFA
- Obtaining Ratings And Bond Insurance:
  - Advisability of a Personal Presentation
  - Need for On-Site Visit
  - Documentation Required
  - Use of Different Agencies/Companies
- Timing of the Sale:
  - Analysis of Optimal Timing
- Use of Bidding Constraints:
  - Annual Interest Rate Constraint
  - Non-Descending Order Constraint
  - True Interest Cost
  - Limited Discount / Premium Bids
- Security Enhancement:
  - Letters of Credit
  - Bond Insurance
  - Surety Bonds for Debt Service Reserves
  - Pension Fund Guarantees
- Use of Innovative Financing Structures:
  - Interest Rate Swaps
  - Embedded Derivatives
  - Inverted Floaters
  - Taxable Debt

GFA will confer with the VHPA's bond counsel to assure that each issue meets legal requirements, that all necessary bond authorizing resolutions reflect the properly structured decisions, and that any other security documents are structured to meet the VHPA's goals. GFA will work closely with bond counsel to comply with and to reduce, where legitimately possible, the effects of Federal tax legislation and related IRS regulations and their implications for the debt management practices of the VHPA.

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## Government Finance Associates, Inc.

### Type of Sale Employed

#### COMPETITIVE VS. NEGOTIATED SALES

<u>I. Comparison</u>	<u>Advantages</u>	<u>Disadvantages</u>
<u>A. Competitive:</u>	<ul style="list-style-type: none"><li>● Public Auction</li><li>● Easy to Justify Bid Prices</li><li>● Broad Exposure to Purchasers</li><li>● No Favoritism</li></ul>	<ul style="list-style-type: none"><li>● Inflexible Timing</li><li>● Unable to Structure Provisions of the Issue to Institutions Requests</li><li>● Risk Premium in Difficult Market</li><li>● Minimal Pre-Sale Support</li></ul>
<u>B. Negotiated:</u>	<ul style="list-style-type: none"><li>● Good Presale Awareness</li><li>● Flexible Timing</li><li>● Ability to Structure Issue for Certain Institutional Requests</li><li>● Greater Planning Capacity</li></ul>	<ul style="list-style-type: none"><li>● Price Justification Frequently Problematic</li><li>● Selection of Underwriter is Not Without Political and Other "Difficulty"</li><li>● Cost of Issuance and TIC Can Be Higher in "Normal" Market</li></ul>
<u>II. When to Use:</u>	<u>Competitive</u> <ul style="list-style-type: none"><li>● Issue is an Established Name</li><li>● Credit is Well Understood and Widely Accepted</li><li>● Disclosure is Routine</li><li>● Non-Volatile Market Conditions</li><li>● Type of Issue is Not Unique</li></ul>	<u>Negotiated</u> <ul style="list-style-type: none"><li>● Issuer Has Not Previously Sold Debt</li><li>● Market Needs Education Regarding Security and Credit</li><li>● Type of Issue is Unique</li><li>● Volatile Market Conditions</li><li>● Issuer Has Faced Well-Publicized Financial or Debt Problems</li></ul>

Note: Both sale techniques have a role in debt management options, and the issuer should consider the advantages/disadvantages of both in the final approval of its financing plan.

*Private Placement Sales.* GFA has also utilized a private placement arrangement for certain of our clients. Normally, a private placement is employed when (i) capital needs are immediate but the public debt issuance process has not advanced to a point that the debt can be sold publicly; (ii) size is too small to access the market cost-effectively; or (iii) financing restrictions are so uncharacteristic (i.e., need to extend maturity) that public debt issuance cannot be efficiently utilized.

### Technical Resources

As discussed throughout this RFP response, GFA provides broad-based financial advisory services to several significant state governments, public entities, airports and non-profit institutions. These services are quite broad in scope and cover far more than just advice at the time of a new debt issuance. GFA has provided advisory assistance for each and every one of the desired types of services which are listed in the VHPA's RFP. Throughout the response to the RFP, you will see that our skills and experience cover all the needs the VHPA has outlined.

1. *Access To Data.* GFA has demonstrated its electronic data processing capabilities and has adjusted this capability to tailor individual information requests for its clients. The results of this data manipulation capacity include measurable and significant reports and evaluations for our clients.

2. *Information Resources.* Because of the market sensitivity that affects directly the debt issuance for large, complex issuers, such as the Authority, GFA has established a routine manner of addressing

## Government Finance Associates, Inc.

issuer needs for market information. Among the external resources available to GFA and, in turn, to the Authority, are:

- a. Thomson Financial Data Corporation database.
- b. The Bond Buyer and its municipal database.
- c. Municipal Market Data (MMD) database.
- d. Swap market data from major swap dealers.
- e. Moody's Investors Service Municipal Credit Reports.
- f. Standard & Poor's Creditweek Municipal.
- g. Fitch Ratings Credit Reports.
- h. A variety of investment banking, commercial banking and law firm newsletters.
- i. Bond reinvestment publications.
- j. Local periodicals and newspapers.
- k. Research papers from the rating agencies and major dealers.
- l. MSRB and GFOA publications.
- m. Access to all major trading desks, which access is assured by virtue of GFA's mono-line business in financial advisory services.
- n. On-line trading, research and market data.

We contact several desks normally on a daily basis in connection with a pricing or market information needs of our clients. Because of our attention to cultivating market sources, combined with the large number of significant governments and borrowers among our clients, our information from trading desks is both comprehensive and geographically dispersed. The breadth of market information that we receive consists of a very large number of market contacts, including (in alphabetical order) but not limited to Bear, Stearns & Co.; Goldman, Sachs & Co.; Lehman Brothers; Merrill Lynch & Co.; Morgan Stanley & Co., Inc.; J.P. Morgan Securities Inc.; UBS/PaineWebber Incorporated and Citigroup. In special circumstances, we will also receive trading information from Advest, Inc.; First Albany Corporation; Roosevelt & Cross, Inc.; and other regional dealers.

3. *Technology.* GFA's computer capabilities allow us to provide all the services the VHPA will require. In addition to packaged software, GFA personnel have developed numerous customized computer models for specific projects. Indeed, many of our customized computer models have become standards in specific areas for the industry. This capability will enable the VHPA to explore many financing alternatives and to quantify the impact of factors which affect financing costs and project feasibility. It is noteworthy to state that GFA has both the in-house hardware and software to provide all of the conventional analyses related to the public finance products and approaches for the benefit of the VHPA:

Debt service schedules for bonds and notes	Current and advance refundings
Pro forma debt service cash flows	Compound interest bonds
Arbitrage yield calculations	Non-uniform debt repayment
Revenue & bond anticipation note computations	Cash defeasance structures
Variable rate calculations	Interest rate swap evaluations
NIC/TIC bids	Average life for debt products
Equipment lease/COP computations	Reinvestment yield comparisons
Zero coupon bonds	Competitive price awards

In addition to the technical and computer capacity, we have, over the years, demonstrated an ability to adjust existing capabilities to tailor particular products for individual clients and to generate new programs to accomplish specific purposes.

## Government Finance Associates, Inc.

Furthermore, we are aware that the VHPA will require its financial advisor to have strong quantification and qualitative skills. GFA can combine qualitative capabilities as reflected by the experience that individuals in the firm have had and that the firm has enjoyed, together with our quantification proficiency also recognized in the marketplace. The commercially available software which GFA utilizes includes the following:

### Bond Structuring Software/ Financial Management

#### Systems:

Micro Muni Debt  
Micro Muni Refund  
Micro Muni Sizing

#### Spreadsheet Software

Lotus 1-2-3  
Microsoft Excel  
Borland Quattro Pro

#### Presentation/Graphics Software

Microsoft Power Point  
Lotus Graphwriter  
Microsoft Word/Windows 98

Through the Internet, we communicate regularly to our clients via e-mail, which facilitates the transfer of data. GFA currently has access to a variety of financial market data, such as Bloomberg, Municipal Market Data series, SLG rates, and other valuable, related material. GFA has demonstrated its electronic data capabilities and its ability to tailor individual products for its clients. The results of this data manipulation capacity include measurable and significant products for many of our clients, including, among others, multi-year forecasts and extensive and detailed affordability and debt/project related analyses.

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**Government Finance Associates, Inc.**

**D. References**

1. Please list all clients who have hired your firm for financial advisory services during the past three years, including name, title and telephone number of contact. If no public clients are on this list, please add them and note original date of hire.

These include both existing clients that rehired GFA as a result of a required RFP process and new clients.

Thomas J. Naughton, Chief Financial Officer  
Wayne County Airport Authority  
L. C. Smith Terminal  
Detroit, MI 48242  
Telephone: 734-247-7112

Overall Financial Advisor  
for all debt and capital planning matters  
as well as investor and  
rating agency relations.

Leslie A. Kirwan, Chief Financial Officer  
Massachusetts Port Authority  
One Harborside Drive  
East Boston, MA 02128  
Telephone: 617-568-1024

Overall Financial Advisor  
for all debt and capital planning matters  
as well as investor and  
rating agency relations.

Honorable Jeb Spaulding, Treasurer  
State of Vermont  
133 State Street  
Montpelier, VT 05633-6200  
Telephone: 802-828-2301

Overall Financial Advisor  
for all debt and capital planning matters  
as well as investor and  
rating agency relations.

Carla E. Sledge, Deputy Chief Financial Officer  
Wayne County, Michigan  
Office of Management and Budget  
600 Randolph, Room 304  
Detroit, Michigan 48226  
Telephone: 313-224-0690

Overall Financial Advisor  
for all debt and capital planning matters  
as well as investor and  
rating agency relations.

Neal Robinson  
Vice President for Finance  
St. Michael's College  
One Winooski Park  
Colchester, Vermont 05439  
Telephone: 802-654-2513

Overall Financial Advisor  
for all debt and capital planning matters  
as well as investor and  
rating agency relations.

2. Please list all clients who have terminated your relationship during the past three years, and their reasons for doing so. Please include the name, title and telephone number of contact.

None.

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## Government Finance Associates, Inc.

### 3. Please provide three references from current clients in similar lines of business to the VHPA.

While there is a variety of relevant current clients that we could use for references, we believe it is most appropriate to use Vermont public authorities that often employ security structures that rely on revenue-raising capability, such as the Authority. Indeed, both VEDA and VSAC have in recent years conducted new financing structures and arrangements with GFA as their financial advisors – VEDA with its recapitalization and VSAC with its new corporate headquarters facility, which was financed without reliance on its traditional financing model. Moreover, since the State Treasurer sits on both of these boards and is GFA's principal contact for our engagement as financial advisor to the State of Vermont, we have also included Treasurer Spaulding as a reference. In case you want a non-Vermont reference for a GFA client, we have included the Massachusetts Port Authority, which is engaged in a variety of similar enterprise activities, including Logan Airport, Marine terminals, bridges, etc.

Honorable Jeb Spaulding, Treasurer  
State of Vermont  
133 State Street  
Montpelier, VT  
Telephone: 802-828-2301

Donald Vickers, Executive Director  
Vermont Student Assistance Corporation  
P.O. Box 2000  
Winooski, VT 05404  
Telephone: 802-654-3770

Jo Bradley, Manager  
Vermont Economic Development Authority  
58 East State Street  
Montpelier, VT  
Telephone: 802-828-5627

Leslie A. Kirwan, Chief Financial Officer  
Massachusetts Port Authority  
One Harborside Drive  
East Boston, MA 02128  
Telephone: 617-568-1024

#### E. Fees

1. Please include a detailed description of all fees to be charged to the State for the term of the contract. The VHPA would prefer an hourly or fixed monthly fee with a not-to-exceed cap fee arrangement.

GFA will charge the LOWER of (i) \$190 an hour, plus directly related expenses (i.e., travel, meals, hotel, deliveries, and communications), or (ii) the lowest responsible bid submitted by any of the comparably recognized financial advisory firms who are considered finalists in the selection process. We respectfully request that the figure submitted by the lowest responsible bidder be subject to our approval before we accept such compensation.

2. Please include a list of all services included in the fee quoted above. Please note any auxiliary services that will not be included in this fee, and state the cost of these services.

This fee covers personal services performed and related, out-of-pocket expenses, regardless of the activity.

1

2

## **Government Finance Associates, Inc.**

### **Principal Current Client Activities**

At present, GFA's continuing larger advisory assignments consist of the following. On occasion, the firm is requested to provide advice to associated entities to those listed below or, infrequently, to assist with certain public projects, including expert testimony.

- **State of Vermont**

GFA serves as the financial advisor for debt management and capital planning to the State of Vermont. Most particularly, we advise the State on capital and operating cash management, liaison and credit presentations for the nationally recognized rating agencies, the issuance of debt obligations that are secured in whole or in part by the State's guarantee or direct taxation pledge, among other activities. In addition, we provide assistance to the Vermont Capital Debt Affordability Advisory Committee, developing affordability standards for the State, based on conventional indices employed by the credit markets and the rating agencies, such as per capita debt, debt service as a percent of revenue, debt to personal income and other measurements. The recommendations made by the Committee establish the guidelines for debt authorizations to be enacted annually by the Vermont legislature. With GFA as advisor, the State of Vermont has been successful in obtaining rating upgrades, making it the highest rated state in New England.

- **Vermont Economic Development Authority**

The Vermont Economic Development Authority (VEDA) finances loans to small businesses in the State. It had previously been funded through the State's General Fund. GFA helped to devise a recapitalization program which enabled the State to devolve VEDA into an independent financing agency through the sale of its own bonds. This achieved the goals of relieving the State's General Fund, of financing loans with less direct State support, and of creating an independent, financially-viable economic development agency.

- **Vermont Municipal Bond Bank**

GFA serves as overall financial advisor to the Vermont Municipal Bond Bank. In this capacity, GFA works closely with the staff of the Bank to develop cost-effective financing structures in order to reduce the cost of capital for local units in the State that raise capital as participants in the annual Bank debt issuances. In addition, GFA provides assistance to the Bank on disclosure matters and negotiates compensation and professional charges with underwriters and other professional participants. The firm makes recommendations to the Bank on interest rates and bond related charges and provides other assistance that allows the Bank to provide its financing services at the lowest possible cost to local participants.

- **Vermont Student Assistance Corporation**

GFA serves as overall financial advisor to the Corporation. Our work includes assisting in the management of the Corporation's student loan issues, including new issue costs, expenses, evaluation of remarketing performance, maintenance of credit facilities, etc. In addition, we assist the Corporation in determining the timing and structuring for future issues, and confirming the most cost-effective method of financing student loans. Recently, GFA helped to design and assisted in the implementation of a unique short-term funding program, providing lower cost funding for VSAC's customers. GFA also served as financial advisor for the financing of the corporate headquarters facility which was completed without reliance upon a student loan trust estate.

- **State of Louisiana**

In the midst of deteriorating financial and credit conditions, Louisiana selected GFA to become the State's overall financial advisor in 1993. In this role, GFA has provided advice to Louisiana on all matters affecting the State's debt and financial management program, including disclosure to the municipal market, liaison with the rating agencies, cash flow management and projections, and development of proposals to stabilize the State's finances. GFA was selected to become the State's financial advisor, in part, as a result of its almost twenty-year engagement as financial advisor to another resource-based economy, Alaska, and the firm's track record in assisting lower rated and difficult credits. Since being advisor to the State, Louisiana has had its rating raised by all three nationally recognized rating agencies. We have also assisted the State in numerous refundings and debt defeasances which have produced measurable budgetary savings. Over

## **Government Finance Associates, Inc.**

the course of our engagement, we have also been asked by the State to act as the financial advisor of record for many State agencies such as the Office Facilities Corporation, the Louisiana Stadium and Exposition Authority (the Superdome), the Department of Transportation and Development, among others.

- **Tobacco Settlement Financing Corporation**

GFA was hired in 2001 to serve as financial advisor for the securitization of the State of Louisiana's anticipated payments under the Master Settlement Agreement (MSA). The first bond issue of Tobacco Settlement Asset-Backed Bonds was sold in October, 2001 and represented the securitization of 60% of the State's anticipated payments under the MSA. The issue aggregated \$1,202,770,000 and was comprised of \$282,975,000 Taxable Bonds and \$919,795,000 Tax-Exempt Bonds. The State was the last state to enter the market for the sale of tobacco bonds in 2001. GFA anticipates a securitization of the remaining 40% of the State's anticipated payments under the MSA to occur within the 2002-2003 timeframe. Bond proceeds were deposited in a series of trust funds (established by referendum), the earnings from which will be used for health and educational purposes.

- **The State of Alaska**

GFA has served as financial advisor to the State of Alaska for over twenty years. In this role, we review the State's debt capacity, develop and recommend specific terms of a debt financing, including maturity schedules, security provisions, etc., and assist the State in coordinating its relations with the rating agencies and the investment community. GFA has assisted the State with master lease programs that help the State maintain fiscal control of purchasing for various departments of state government and promote the creditworthiness of the State's general obligation securities. In 1992, GFA assisted the State to achieve a rating upgrade to AA from Standard & Poor's Corporation, the only rating improvement for any state over an eighteen-month period, in the midst of the national recession. In addition, with GFA's assistance, Alaska funded the construction of many State facilities through the issuance of a series of certificate of participation issues, the most recent sold on April 10, 2002 for a new psychiatric facility. In addition to its ongoing responsibilities on debt management matters to the State, GFA is currently advising on the financing for a gas pipeline for which current cost estimates are in the neighborhood of \$12 billion. Additionally, as the overall financial advisor to the State of Alaska, we advised the State of Alaska regarding Alaska's securitization of 100% of its payments under the MSA issued in two tranches: Series 2000 in the amount of \$116,050,000 and Series 2001 in the amount of \$126,790,000, aggregating \$242.8 million, issued through the Northern Tobacco Securitization Corporation, a subsidiary of the State's Housing Financing Corporation.

- **Alaska State Revolving Loan Fund for the Department of Environmental Conservation**

GFA assisted Alaska DEC in the State's environmental loan program. We prepared the necessary documentation and organization for a unique structure that eliminated the need for the State of Alaska to provide matching moneys for the federal contribution in connection with the clean water state revolving loan fund. The program implemented by DEC has been used by only one other state. The financing structure allowed DEC to substitute accumulated moneys through a borrowing structure, and such borrowed funds replaced the State's matching requirements. The borrowed funds were repaid through accumulated moneys, including investment earnings, held by DEC. The structure was successfully implemented in a state for which GFA also serves as financial advisor, and we are therefore familiar with the program and the parties for which the new structure was employed, including the requisite approvals from the U.S. Environmental Protection Agency. The financing was accomplished without the use of investment bankers and was successfully, competitively bid.

- **Alaska Court System**

The Superior Court of Alaska began a multi-year program to upgrade its court facilities. The facilities in the City of Palmer were the first of these upgrades. The City and the court system negotiated a 20-year lease of a facility, built by the City. The City funded the construction of the facility through the issuance of lease revenue bonds. GFA has advised the court system and the City on the structuring of the bond issue to meet their respective cash flow needs and to provide the optimum security structure to achieve the lowest interest rates possible on the debt sales.

## Government Finance Associates, Inc.

- **American Red Cross**

In addition to a number of state clients, which are described herein, and illustrative of the scope of work which this firm performs for large, sophisticated entities, GFA is the overall financial advisor to the American Red Cross. The American Red Cross decided to retain for the first time an overall financial advisor for debt management matters to assist in the financing of a new national headquarters to be built in downtown Washington, D.C. and to rationalize its existing and prospective national and local chapter debt programs. Toward this end, the American Red Cross conducted a national search for a suitable advisor. An RFP was issued, interviews were held, and a selection was made in 1999. After this in-depth process covering several months, GFA was selected as the overall financial advisor for debt management matters to the American Red Cross. We were informed that GFA was chosen as a result of the personnel involved, the special focus of GFA on large, sophisticated and complex clients, the reputation of the firm, and the knowledge and experience that GFA brings to cutting edge public finance issues, including new financing products. GFA continues to serve as overall financial advisor for debt management operations to ARC.

- **Princeton University, New Jersey**

GFA has served as overall financial advisor for debt management matters to Princeton University since 1980. In this role, we have assisted the University in developing and implementing its capital financing program, including tax-exempt and taxable refundings, as appropriate. We advise Princeton in all matters related to its debt obligations, including, but not limited to, size, timing, maturity structure, redemption provisions, and investment of bond proceeds. In addition, GFA serves as liaison with the investment community, including the rating agencies, which rate the University's debt triple-A, and we have prepared in-depth credit analyses and have organized investors meetings for the University. We provide continuing advice, assistance and analysis of various issues affecting the University's debt management policies and procedures, including its taxable debt program.

- **Massachusetts Port Authority**

GFA serves as overall financial advisor to Massport on debt related matters and special project financings, among other responsibilities. GFA has also advised Massport in the development and implementation of its capital improvement program, including the financing plan for use of general airport revenue bonds, PFC revenues, special facility arrangements, and privatizations, among other funding devices. As part of our role as Financial Advisor of record, GFA has acted as a liaison for Massport to the nationally recognized credit rating agencies and has advised Massport extensively on the maintenance of its high-grade bond credit ratings. In addition, GFA, on behalf of Massport, has negotiated with underwriters, bond insurers, investment providers and many other parties. GFA has served as financial advisor to Massport on numerous financings, including fixed rate, variable (auction) rate, and swap transactions, and has additionally assisted Massport in the completion of a financing for terminal renovations for US Airways, the financing for a new fuel distribution system (BOSFuel), the funding of Terminal A, the development and implementation of the installment purchase contract as the funding approach for investment by Massport in the Central Artery/Third Harbor Tunnel project, a stand-alone PFC-backed revenue bond issue, a commercial paper program, and ParkEx, among other financings.

- **Wayne County Airport Authority**

GFA is the financial advisor to the WCAA. GFA advises WCAA in achieving its significant capital improvements plan to fund terminals, airfield improvements, parking facilities, a new hotel project, and improved terminal security and surveillance systems. Our work, among other duties for WCAA, includes development and monitoring of the financing schedule, negotiating with professional participants, review of documents for disclosure purposes and tax law compliance, preparing bond sizing analyses, and rating agency and bond insurer liaison. We spend a lot of time and effort with the insurers on credit issues and premium negotiation; for example, when Northwest Airlines was near bankruptcy, we were still able to secure cost-effective and multiple insurance bids for bond issues sold by WCAA, with over 70% of its passenger traffic being carried by Northwest. In 1993, we advised WCAA on a refunding of outstanding debt obligations through a forward synthetic refunding and interest rate swap, and we advised WCAA on the implementation of a PFC financing program. WCAA completed the sale of a \$1 billion bond issue in 1998 (the largest airport revenue bond issue ever sold) to provide the financing for a new Midfield Terminal financing program for which GFA was the financial advisor. GFA advised WCAA in 2002 on two separate financings: a letter-of-credit backed financing of the airport's LOI and the financing for a new, upscale hotel on site at the airport. In late 2003, GFA advised the WCAA on a \$351 million

## **Government Finance Associates, Inc.**

auction rate transaction with \$129 million swapped to synthetic fixed rate for refunding purposes. GFA has been financial advisor to WCAA (formerly known as Wayne County Detroit Metropolitan Airport Authority) since 1988. We assisted WCAA in the creation of an independent airport authority in 2002 creating the Authority from a former department of Wayne County, Michigan.

- **Cincinnati/Northern Kentucky International Airport (CVG)**

GFA has served as the overall financial advisor to the Kenton County Airport Board - Cincinnati/Northern Kentucky International Airport (CVG) since 2000. GFA advised CVG in achieving its significant capital improvements plan to fund a new runway, roadway expansion and relocation (most particularly to accommodate the new runway), airfield improvements, cargo facilities (CVG is the world headquarters - for both all cargo operations and corporate offices - of DHL), parking facilities, and improved terminal facilities due to increased growth which the airport experienced in the 1990's, which growth is expected to continue. GFA works with CVG and its active Board to develop the appropriate financing strategies to accomplish all of the airport's goals. This work includes evaluating capital funding alternatives and developing a capital financing plan, reviewing all borrowable alternatives, including the use of Airport Improvement Program grant funds and passenger facility charges. GFA has assisted CVG to determine the optimum timing for the filing of its application with the FAA for the enhanced PFC under AIR 21 and in the development of the competition plan. As overall financial advisor to CVG, GFA participates in the selection process for other professionals to be hired by the airport, including underwriters, airport consultants and other members of the financing team. We also develop for CVG the rating agency and bond insurer strategy and oversee the pricing and sale of all bonds. In March, 2003, the airport completed a successful refunding bond issue from which we obtained over 8% present value savings. We also completed, later in 2003, a financing for the construction of a new runway at the airport, which financing included both LOI and PFC funding components.

- **Alaska International Airport System**

For over twenty years, GFA has been the financial advisor to the State of Alaska and, through that engagement, the Alaska International Airport System since the AIAS must sell its debt through the State Bond Committee. In this capacity, we have negotiated with airlines on behalf of the AIAS to secure the strongest financial and credit position for the AIAS. Further, through our assistance, the AIAS was the first airport to issue revenue bonds on a competitive basis subsequent to the 1986 Tax Reform Act, which made certain airport securities subject to the alternative minimum tax. In 1991, GFA advised the AIAS on a forward synthetic refunding and a related interest rate swap; the AIAS was the first airport to employ this structure for the refunding of private activity bonds. In 1993, GFA advised on unwinding the swap and selling long-term refunding bonds at a significant savings. In 1999, GFA advised on the sale of over \$200 million of GARBs sold to finance expansions and renovations at the Ted Stevens Anchorage Airport which financing program was continued in both 2002 and 2003 with other successfully sold bond issues to complete the Anchorage airport modernization program. In connection with the March, 2002 bond issue, we obtained a rating increase from Standard and Poor's on the bonds of AIAS, the only rating increase, at that time, for an airport revenue bond since September 11, 2001.

- **The City of Buffalo, New York**

As overall financial advisor for debt management, GFA provides general financial advisory services to Buffalo in several strategic areas, including: (1) debt and financing policy formulation, with attention to the City's capital requirements, infrastructure needs, capital sources, debt capacity and the relationship between the City's debt practices and its capital budget programs; (2) organization and coordination of Buffalo's bond and note sales; (3) liaison and communication with the nationally recognized credit rating agencies, underwriters and investors; and (4) recommendations on general finance matters (e.g., the City's continuing disclosure responsibilities as promulgated by the Securities and Exchange Commission, reporting requirements to the credit rating agencies, responses to investment banking proposals, secondary education capital trust fund, etc.).

- **Buffalo Municipal Water Finance Authority**

In accordance with the assistance GFA provided to New York State, MAC, and the Port Authority of New York and New Jersey in the design of a mechanism that would allow New York State localities to issue revenue securities for water and wastewater purposes, we advised the City in the creation of the BMWFA. GFA served as financial advisor for the BMWFA's initial issue of bonds in late 1992 and for subsequent sales. Debt sales by

## Government Finance Associates, Inc.

the BMWFA increase investable funds for meeting the City's water infrastructure requirements and will increase the City's ability to meet the City's overall capital funding requirements by relieving the City's general obligation debt burden for water funding responsibilities.

- **Buffalo Sewer Authority**

GFA serves as financial advisor to the Authority for capital financing and debt management purposes. In this capacity, among other services, GFA assists the Authority in its liaison with the rating agencies and the preparation of its capital budget, including the possible eligibility of Authority projects for New York State's revolving loan fund for water pollution purposes. In addition, GFA assists in the development of financing programs and the implementation and completion of debt issuance for Authority capital projects. Most recently, we advised the Authority on the refunding of certain higher priced securities sold in the mid-1980's; the debt service savings were used to stabilize proposed sewer rate increases over the next several years.

- **Erie County Industrial Development Agency**

In 2003, the Erie County Industrial Development Authority (ECIDA) sold debt on behalf of the Buffalo public schools as part of a billion dollar capital improvement program that will provide for new school facilities and substantial rehabilitation of existing facilities. The first transaction, sold in the amount of \$180,335,000, had a series of State aid intercepts that resulted in high "A" ratings, which lowered the cost of capital for the envisioned construction. GFA provided a variety of tasks in this transaction as financial advisor, including taking principal responsibility for liaison with the rating agencies, pricing negotiations with the underwriters, advice on the credit structure for the program, and monitoring the extent to which elements of the program could affect the City's interests and credit position, among other roles. In advance of insufficient funds being available for the payment of debt service, the State Comptroller is empowered, in this instance, to transfer funds otherwise due the Buffalo school district to meet debt service on these bonds; intercepts of local school debt in New York State normally occur in post-default situations, but the intercept in this ECIDA program allows the State Comptroller to correct the situation in advance of an actual default; the rating agencies saw this structure as being significantly better than the normal State aid intercept in New York State. In addition, the payment dates for debt service were arranged so that maximum protection of debt service could be achieved should an intercept be required. The structure for the program was received favorably in the financial markets, reflected in a rating on the program equivalent to the State's general obligation rating. Further, the transaction was selected for second place in the Northeast for Deal of the Year in 2003 by THE BOND BUYER.

- **The City of Virginia Beach, Virginia**

GFA has served as financial advisor to Virginia Beach (the largest city in the Commonwealth of Virginia) since 1983. Our assistance includes many projects and assignments. We structure and advise on marketing all of the City's general obligation bond issues. We also serve as the City's principal liaison with the rating agencies. We advised on the \$200 million water supply project, to be financed with double-barrelled bonds, secured by water and sewer enterprise revenues and additionally by the City's full faith and credit. We prepared a financing plan that minimizes the impact of the new debt on the City's credit rating and debt issuing capacity. In addition, we assisted the City with its certificate of participation financings, the creation and implementation of a water and sewer revenue bond program, and GFA recently developed a financing program for and preparation of the City's debt management policies, which has been used as an example for many other governmental borrowers. In the fall of 1999, GFA was instrumental in assisting Virginia Beach to achieve the highest ratings in the City's history, "Aa1" from Moody's Investors Service and "AA+" from Fitch Ratings. As advisor to Virginia Beach, we also provide associated advisory services, as necessary, to the Virginia Beach Economic Development Authority.

- **Wayne County, Michigan**

GFA serves the County as overall financial advisor, with the original goal being that of returning the County to conventional borrowing and to an investment grade rating. The program involved the development of a state-assisted fiscal stabilization package, which included a state zero interest loan of approximately \$120 million, new revenue sources, and a long-term, public debt issue of \$103 million through the Michigan Municipal Bond Authority. In July, 1990, the County received an investment grade rating from Moody's Investors Service, the first such rating since 1979. An investment grade rating from both Standard & Poor's Corporation and Fitch Ratings followed thereafter. In 1992, the County entered the

## **Government Finance Associates, Inc.**

bond market through the issuance of debt, based upon the County's own credit, for the first time since 1971. The County's ratings have increased on nine different occasions over the last fifteen years. Furthermore, GFA has advised the County on numerous direct and County-agency financings over the period of the engagement.

- **Onondaga County, New York**

As overall advisor, GFA serves the County in six principal areas: (1) potentially, the largest financing project facing the County, and one of the largest pollution control and abatement projects in the United States, is the clean-up of Onondaga Lake. GFA was the financial engineer for a comprehensive program to develop an adequate and realistic assessment of liability and plans to implement phased clean-up; (2) development of a strategy to achieve the highest credit rating for the County; (3) development of comprehensive debt management guidelines, including review of the capital improvement program; (4) development of a marketing and communications program with investors; (5) assessment of sewer operations; and (6) review and revisions to the County's investment policies and guidelines.



# Government Finance Associates, Inc.

## CURRICULUM VITAE

### J. CHESTER JOHNSON

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Fax: (212) 521-4092	
Email: <a href="mailto:jchester.gfa@prodigy.net">jchester.gfa@prodigy.net</a>	

#### **Positions Held:** 1968 - Present:

- o 1979 - Present: Chairman and owner: Government Finance Associates, Inc., one of the leading independent public finance advisors to large governmental entities; sample range of client activity: State of Alaska, State of Vermont, Buffalo, State of Louisiana, Massachusetts Port Authority, Princeton University;
- o 1977-1978: Deputy Assistant Secretary of the United States Treasury Department, Washington, DC, in charge of, among other duties, the administration of and policy for: fiscal relations between Federal Government and state and local governments; Federal loan program for New York City; general revenue sharing; anti-recession fiscal assistance.
- o 1972-1977: Head, Public Finance Research and Advisory Group, The Morgan Bank. Responsibilities included: advisory/investment banking activities with USA state and local and Canadian governments; credit approval for all loans and investments made by the bank to state and local and Canadian governments; credit approval for all competitive and negotiated underwritings of state and local government debt by the bank's municipal bond department.
- o 1968-1971: Senior Analyst, Moody's Investors Service, in charge of: the ratings assigned, by the credit agency, to debt obligations sold by governments within a ten-state area; the agency's monitoring of the credit condition of numerous public authorities, including toll facilities, water and sewer enterprises, public power authorities, and port facilities.

#### **Legislative Bodies Before Which I Have Testified:**

United States Congress Joint Economic Committee	Senate Banking Committee
House Ways and Means Committee	Senate Finance Committee
Senate Agriculture Committee	Senate Appropriations Committee
House Appropriations Committee	Supreme Soviet of the USSR, Committee on Health

Legislatures In: Alaska; Connecticut; Louisiana; Maryland; Massachusetts; Michigan; Mississippi; New Jersey; New York; Oregon; Puerto Rico; Province of Quebec; Vermont; Virgin Islands  
City Councils/Related Entities: Baltimore, Maryland; Boston, Massachusetts; Buffalo, New York; Cedar Rapids, Iowa; Detroit, Michigan; Dover, Delaware; MOSCOW, USSR; Hartford, Connecticut; Newark, New Jersey; New York, New York; Oklahoma City, Oklahoma; Portland, Oregon; Philadelphia, Pennsylvania; San Juan, Puerto Rico; Virginia Beach, Virginia

#### **Books Published on Public Finance**

- o Mayor's Financial Management Handbook, published in 1985 by Van Nostrand Reinhold (co-author)
- o Original Disclosure Guidelines for Securities' Offerings by State and Local Governments, published in 1976, Municipal Finance Officers Association of the United States and Canada (co-author)
- o The Future of Boston's Capital Plant, published in 1980 by The Urban Institute Press (co-author)

#### **Special, Related Projects In Which I Have Been Engaged**

- o Project Manager, Capital Financing for 1976 Olympics, Montreal, Quebec.
- o Expert Witness, T1T2 Limited Partnership versus Government of Canada (Crown) in connection with privatization of the Toronto Pearson International Airport (PIA).
- o Expert Witness, National Football League, Anti-Trust Suit, NFL versus Al Davis, Oakland Raiders and Los Angeles Coliseum, 1980-84.
- o Intervenor with Coleman A. Young, Mayor of Detroit, in opposition to proposed Joint Operating Agreement between the Detroit News and the Detroit Free Press, 1987-1989.
- o Project Manager, development of the credit structure and financing for the Municipal Assistance Corporation (MAC) for the City of New York, 1975, during New York City fiscal crisis.
- o Expert Witness, Washington Public Power Supply System, 1987-88.
- o Co-Project Director, development of investment program for Philadelphia Board of Pensions and Retirement to invest in general obligations of the City of Philadelphia, 1990-91.

## Government Finance Associates, Inc.

### Special, Related Projects In Which I Have Been Engaged (continued)

- o Consultant, The Rockefeller Foundation for White House project: Federal Infrastructure Renewal State Trust (FIRST), 1993-94.
- o Vestry, Trinity Episcopal Parish (Wall Street), 2000-present.

### Articles Published on Public Finance

OpEd piece, The New York Times	Credit Week	Bond Counsel
Governmental Finance Review	American Banker	Public Finance
Resources in Review	American City and County	Business Week
Crain's New York Business	City and State	Fortune
Investment Dealers Digest	Global Guarantee	The Wall Street Journal
The New York Times	The Washington Post	The Chicago Tribune
Institutional Investor	Philadelphia Enquirer	Boston Globe
Boston Herald	Detroit News	Detroit Free Press
San Francisco Chronicle	Los Angeles Times	The Bond Buyer

### Industry Positions/Awards

- o 1988 Recipient of Distinguished Lifetime Contributions Award for Municipal Analysis, presented by the National Federation of Municipal Analysts.
- o Editorial Board Member, Public Finance Advisor, 1995 - present.
- o President, National Association of Independent Public Finance Advisors, 1989-1991; Certified Independent Public Finance Advisor.
- o Chair, Fund to Assure Public Infrastructure Financing, Nat'l Infrastructure Bond Coalition, 1989-1991.
- o Director and Chairman of the Finance Cte., New York State Environmental Facilities Corp., 1991-1995.
- o Senior Financial Advisor, Vice President, Board of Directors, EcoLink, a joint American-Soviet project to establish a public finance system in the USSR, 1989-1992.
- o American Representative, Annual Conference, European Community of Cities, Marseilles, France.
- o Representative of the Dealer Bank Association to National Disclosure Committee for the establishment of Disclosure Guidelines for Securities Offerings by State and Local Governments.
- o American delegate to Federal Republic of German, "American-Germany Relations," Bonn, Germany.
- o Adjunct Professor, Public Finance, University of Massachusetts, 1984.
- o Chairman, Federal Inter-agency Task Force for Improvement of Governmental Financial Reporting by Federal, State and Local Governments.
- o Chairman, Federal Task Force to create a National Development Bank.
- o Member, National Society of Municipal Analysts; membership limited to 35 persons; 1976-present.

### Organizations/Institutions At Which I Have Spoken

Practicing Law Institute	White House Fellows
National Association of Bond Lawyers	Municipal Analysts Group of New York City
National League of Cities	Municipal Analysts Group of San Francisco
U.S. Conference of Mayors	National Federation of Municipal Analysts
American Tax Institute	Municipal Analysts of Chicago
National Association of Counties	Northeast Governors Coalition
National Conference of State Legislatures	Council of Infrastructure Financing Authorities
National Governors Conference	Fels Center of Government, Univ. of Pennsylvania
Global Interdependence Center	Overseas Development Council
Woodrow Wilson School (Princeton University)	National Council of Higher Education Loan Programs
National Association of State Treasurers; State Debt Management Network	
National Association of State Treasurers, Comptrollers and Auditors	
Government Finance Officers Association of U. S. and Canada	
Maxwell School on Public Administration, Syracuse University	

**Education:** Harvard College, 1962-1965

University of Arkansas: BSE, 1967

**Who's Who Listings:** International Who's Who Of Contemporary Achievement

Who's Who In America	Who's Who In The World	International Leaders In Achievement
Who's Who In The East	International Who's Who	Directory Of International Biography
International Register Of Profiles	5,000 Personalities Of The World	2,000 Notable American Men
Men Of Achievement	Personalities Of America	Five Hundred Leaders Of Influence
World Institute Of Achievement	Outstdg. People Of The 20 <sup>th</sup> Cent.	Internat'l Direc. Of Distinguished Leadership

## Government Finance Associates, Inc.

### CURRICULUM VITAE

FREDA S. JOHNSON

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#### Accomplishments:

##### Current:

As President of, (formerly Special Consultant to), Government Finance Associates, Inc. (GFA), an independent public finance advisory firm, I specialize in consulting in the field of public finance, including advice on debt management and capital planning issues, to large and complex governments. Among the clients with which I have been most actively involved are: the States of Alaska, Louisiana and Vermont; the Cincinnati/Northern Kentucky International Airport; the Massachusetts Port Authority; Princeton University; Buffalo, New York; Onondaga County, New York; Wayne County, Michigan; the Detroit Metropolitan Wayne County Airport and, the American Red Cross.

##### 1990 - Present:

Among my professional affiliations are: member of the Board of Directors of Municipal Bond Investors Assurance Corporation, Inc.(MBIA) and past Chair of the Audit Committee; member of the National Association of State Auditors, Comptrollers and Treasurers' (NASACT) National Advisory Board on State and Local Government Secondary Market Disclosure, 1992-1998; member of the Board of Directors, 1993-96, National Association of Independent Public Finance Advisors (NAIPFA); member of the Corporate Advisory Board, Queens College, Flushing, New York, 1994-1999; member, Anthony Commission on Public Finance, 1988-1992. I have been involved in assisting the Republic of Russia in the establishment of a public finance system. I have been an expert witness in certain litigation, for example, when Orange County, California filed suit against McGraw Hill/Standard & Poor's (S&P) for some \$600 million, I was hired by S&P as an expert witness - the case ultimately settled with a payment of under \$200,000; the T1T2 Limited Partnership versus Government of Canada (Crown) in connection with the privatization of the Toronto Pearson International Airport (PIA), and have provided assistance to the Municipal Securities Rulemaking Board on various matters. I was an Adjunct Professor at the Columbia University Graduate School of Business for the Spring, 1991 semester.

##### 1979 - 1990:

From 1979 to 1990, I was Director of the Public Finance Department of Moody's Investors Service, a subsidiary of The Dun & Bradstreet Corporation, and Chair of the Public Finance Department Rating Committee. The department reviewed and assigned ratings to some 35,000 municipal securities in addition to numerous Canadian credits. This position put me in contact with a broad cross section of the financial community as well as most governors, mayors and other public officials. I led a department of approximately 230 people, of whom some 70% were professionals, and administered its sizable budget. Since 1980, I had been a member of the Dun & Bradstreet Senior Management group which is comprised of the senior managers from each of the Corporation's subsidiaries, and was the youngest and until 1985, the only woman member.

#### Publications:

The Bond Buyer - Guest Words Column articles

Local Government Finance, Concepts and Practices, Local Fiscal Capacity chapter, co-author, published by the Government Finance Officers Association, 1991

The New York Times, featured on the OP ED page

Aid For AIDS - The Americans Are Coming, Public Finance in the USSR, published in Public Issues, an MBIA publication, 1991

Municipal Finance Around The World, published in Municipal Finance Journal, Vol. 13, Issue 4, 1992

## Government Finance Associates, Inc.

### Selected Groups and Organizations to Which I Have Spoken:

U.S. Senate Committee on Banking, Housing and Urban Affairs  
U.S. House of Representatives, Subcommittee on Fiscal Affairs and Health  
U.S. Senate Committee on Governmental Affairs  
Joint Economic Committee of Congress  
**Securities and Exchange Commission** Depositions and Testimony  
**Supreme Soviet of the USSR** Committee on Health  
American Bankers Association  
Association of Government Accountants  
Dealer Banker Association  
Government Accounting Standards Board  
Government Finance Officers Association of the U. S. and Canada  
Lyndon B. Johnson School of Public Affairs, University of Texas  
Municipal Forum of New York  
Municipal Treasurers Association of the United States and Canada  
National Association of Counties  
National Association of State Comptrollers  
National Association of State Treasurers, Debt Mgmt. Network  
National Federation of Municipal Analysts  
Public Securities Association  
Tulane University Business Forum, A.B. Freeman Sch. of Business  
U.S. Conference of Mayors

### Employment History:

Current Position: Since October 28, 1992, President of Government Finance Associates, Inc. (GFA). From 1990 through October, 1992, Special Consultant to GFA.

March 1979 - Executive Vice President and Director of the  
January 1990 Public Finance Department, Moody's Investors Service,  
The Dun & Bradstreet Corporation.

June 1968 - Joined Municipal Service Division of Dun & Bradstreet, Inc.  
January 1990 (D&B) in 1968. Analyst until August 1971 when D&B Division was merged with Moody's.  
Senior Analyst in January 1972, Assistant Vice President in October 1973, Vice President and  
Associate Director of Municipal Department in September 1975. In March 1979, was elected  
Senior Vice President and Director of Municipal Department and in September 1981, was  
elected Executive Vice President.

### Education:

Harvard University Graduate School of Business Administration, Advanced Management Program, 12/86.

Queens College, Bachelor of Arts, Political Science, 6/68.

### Listed in:

(past or present)

Who's Who in the World

Who's Who in America

Who's Who of American Women

World Who's Who of Women

Foremost Women of the Twentieth Century

Who's Who in Finance & Industry

Who's Who in the East

Who's Who in New York

Who's Who in Professional and Executive Women

Who's Who of Emerging Leaders in America

International Who's Who of Contemporary Achievement

International Who's Who of Professional and Business Women

Men and Women of Achievement & Distinction

5,000 Personalities of the World

2,000 Notable American Women

Who's Who in Society

Personalities of America

Contemporary Biography - Women

Who's Who in Real Estate and Development

America's Outstanding Women of the Eighties

International Directory of Distinguished Leadership

## Government Finance Associates, Inc.

### CURRICULUM VITAE STANLEY P. STONE

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#### Accomplishments:

- 1999 - Present:
- Managing Director with Government Finance Associates, Inc., a leading independent public finance advisory firm specializing in consulting to large, complex governmental entities.
  - Since joining Government Finance Associates, Stan has worked with many of the firm's clients, including the Massachusetts Port Authority; the Detroit Metropolitan Wayne County ("METRO") Airport; the American Red Cross; the Vermont Student Assistance Corporation; Buffalo, New York; the State of Louisiana; the State of Alaska; and Princeton University. He has focused on quantitative analysis of debt issuance, defeasance and refunding, and transaction management.
- 1985-1999:
- Independent public finance consultant, retained in connection with a wide variety of municipal financings and infrastructure finance including a variety of general obligation and revenue bond financings and stadiums, convention centers, pollution control and industrial development programs. Since 1972, Stan has worked extensively in the development and implementation of computer-based systems relative to the quantitative analysis of municipal securities financings. He has significant experience in debt structuring, bond issue sizing, yield determination and the preparation and verification of cash flow schedules in connection with all types of new money and advance refunding issues.
- Stan has been published in The Bond Buyer where he has written about the benefits of technical analysis. He is a member of the National Association of Independent Public Finance Advisors (NAIPFA) and he is a Certified Independent Public Finance Advisor.
- 1972-1985:
- Investment banker, public finance at three major national brokerage firms, including two years as a Senior Vice president in the Public Finance Department at L. F. Rothschild, eight years in the Public Finance Department at Shearson Lehman Brothers, and three years in the Public Finance Department at Smith Barney.

#### Education:

Columbia University Graduate School of Business, MBA in Finance, 1972  
Boston University, BS in Business Administration, 1966  
In 1990, Stan established the Stanley P. Stone Distinguished Lecture Series at Boston University to provide the College of General Studies with the resources to invite prominent speakers to address BU students, faculty and alumni.