ORIGINAL

RESPONSE TO REQUEST FOR PROPOSALS TO PROVIDE FINANCIAL ADVISORY SERVICES FOR:

THE STATE OF WEST VIRGINIA

MAY 2, 2013

PUBLIC
RESOURCES
ADVISORY
GROUP

RESPONSE TO:

SOLICITATION # SEC136050
REQUEST FOR PROPOSALS TO PROVIDE FINANCIAL ADVISORY SERVICES FOR: THE STATE OF WEST VIRGINIA

DUE DATE: MAY 2, 2013

SUBMITTED BY:

PUBLIC RESOURCES ADVISORY GROUP
117 GAYLEY STREET, SUITE 200
MEDIA, PA 19063
PHONE: 610-565-5990
FAX: 610-565-4188
CONTACT: THOMAS HUESTIS, SENIOR MANAGING DIRECTOR
thuestis@pragny.com

Thomas F. Huestis, Senior Managing Director

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PRAG

117 GAYLEY STREET, SUITE 200
MEDIA, PENNSYLVANIA 19063
TEL: (610) 565-5990 | FAX: (610) 565-4188

PUBLIC RESOURCES ADVISORY GROUP

May 2, 2013

Krista S. Ferrell, Buyer Supervisor
Department of Administration, Purchasing Division
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130

Dear Ms. Ferrell:

Public Resources Advisory Group, Inc. ("PRAG") is pleased to present our credentials to continue serving as financial advisor to the State of West Virginia (the "State"). PRAG was retained in 2005 by the State of West Virginia to serve as the State's first independent financial advisor and we have been honored to have this role.

PRAG is a leading advisor to states. In addition to West Virginia, other current state clients include California, Connecticut, Florida, Georgia, Illinois, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, Oregon, Vermont, Virginia and Washington. Since our inception in 1985, we have advised on more $393 billion of state and state authority financings. We have enjoyed the relationship we have had with the State and trust that our service and expertise have provided the highest level of value to the State.

PRAG is an independent financial advisory firm whose sole business is to provide advisory services to governmental clients. Our client base includes many of the nation's largest municipal issuers. PRAG's senior professionals have the demonstrated experience, knowledge and leadership skills to add value to and assist the State team as it addresses existing and new challenges. Municipal finance is our only business and has been since our founding in 1985.

PRAG's Service to the State of West Virginia

PRAG is proud of the contributions we have made. We have ***advised the State with regard to "best practices"*** in a number of areas including financial and debt management functions and, as a result, we have provided important analysis, guidance and recommendations which have been used to help the State:

- Obtain three credit rating upgrades (the first for the State since the late 1990's), validating the State's conservative and prudent approach to fiscal and debt management, resulting in lower borrowing costs for the State.
- Preserve jobs and free up State money for economic development purposes through significant reductions in Workers' Compensation premiums and costs of pensions and other post employment benefits.
- Reduce massive Teacher Retirement System unfunded liabilities that were constraining the State's budget and credit position.
- Close the Workers' Compensation Old Fund without having to issue $1.5 billion of bonds – savings of approximately $50 million per year for life of bonds, and reduce the Old Fund liability by approximately $3 billion.
- Execute seven debt refundings which resulted in over $61.5 million of savings on a present value basis. All of the refundings achieved a savings percentage of the refunded bonds well above the 3% benchmark typically used by municipal issuers.
- Create jobs and much needed infrastructure improvements through accelerated funding of the transportation and school construction programs.
- Take advantage of an extremely favorable new debt programs in the stimulus legislation, enabling the State to improve schools and create jobs at a substantially lower cost -- first State in the Country to issue Qualified School Construction Bonds ("QSCBs") on a state-wide basis.
- Protect the State's investments of public funds from undue risk.
- Implement "best practices" with regard to State bond issues.

PRAG's Strengths as Financial Advisor

The State knows us well. However, the following is an overview of the breadth of our experience and expertise which you may find informative.

Financing Experience: PRAG is a national, independent financial advisory firm – our only business is providing financial advisory services to government clients. We have a long resume of experience with State clients, which is detailed in this proposal. We believe that this proposal demonstrates that we have the experience, commitment and technical expertise to continue to serve as Financial Advisor to the State of West Virginia.

Quantitative and Analytical Expertise: Our business model focuses on serving clients who have an ongoing need for financial advisory services, and we assign senior professionals to each client. We use sophisticated financial and analytic models in order to provide our clients with the analysis necessary to make informed decisions.

Market Knowledge: PRAG's professional staff is aware of daily market developments. We have access to the latest economic data and capital market activity from real-time information sources. In addition, as a result of our work for the largest and most frequent issuers in the municipal market, we are tasked with reviewing the latest products and market opportunities. Our market information and advice is timely, accurate and independent.

Knowledge of Credit: PRAG can offer unrivaled credit advice to the State of West Virginia through the presence of Claire Cohen, together with William Cobbs, Chairman and Project Supervisor, and Tom Huestis, Senior Managing Director. Ms. Cohen was Vice Chairman of Fitch Ratings and, prior to that, a Managing Director of Moody's Investors Service, with over 30 years experience in public finance.

PRAG's Commitment to State of West Virginia

Professional Team: PRAG will continue to provide the State with sophisticated financial advisory services from an experienced professional team. Christine Fay, Steve Goldfield and Tom Huestis, all senior level advisors at the firm, are assigned as Project Managers for the engagement. William Cobbs, PRAG's Chairman will continue to be the Project Supervisor for the State. Claire Cohen, Senior Counselor, will continue to assist on credit matters. Wesley Hough, Director, will continue to assist on regulatory asset securitizations. Janet Lee, Senior Managing Director, will continue to assist on transportation projects. Barry Valentinsen, Senior Managing Director, will continue to assist on tobacco securitization issues. Monika Conley, Senior Managing Director, will continue to assist on bond pricings. Andrew Evanchik, Senior Managing Director, will continue to assist on swaps and derivative matters.

Commitment of Resources: We are committed to providing to scope of work on timely basis and performing the work in accordance with the terms of this proposal. We know that the commitment of appropriate resources is essential to our ability to offer exceptional financial advice the State. PRAG uses experienced senior-level professionals in order to ensure the delivery of the highest level of service to the State of West Virginia. Since the inception of our engagement in 2005, over 75% of our current senior professionals have provided financial advisory services to the State. William Cobbs hereby commits that PRAG will continue to provide this type of staffing effort and will make any staffing additions and/or changes necessary to supply the highest quality service to the State.

The State is a very important client of PRAG and as such PRAG has endeavored to provide exceptional advice and support on all matters that have arisen over the normal course of business at the State. We will not rest on our past achievements when it comes to providing the highest quality of advice to the State. We will continue to seek to add value to the State and have identified a variety of projects and initiatives that we are prepared to assist the State with as summarized in our response to the RFP.

PRAG Qualifications

PRAG has all of the qualifications necessary to provide financial advisory services to the State. This proposal details our experience and expertise in public finance. We would be honored to continue our service to the State as its Financial Advisor. If you have any questions, please call William Cobbs at (212) 566-7800, Tom Huestis at (610) 565-5990. Thank you in advance for your consideration.

Sincerely,

William W. Cobbs

William W. Cobbs
Chairman

Thomas F. Huestis
Senior Managing Director

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Attachment A: Vendor Response Sheet

Qualifications and Experience: Vendor should provide responses to Section Four, Subsection 3 below.

A. Staff

1. Provide a proposed staffing plan and include a full résumé for each consultant that will be assigned to the West Virginia account, résumés of other key personnel who may be involved in special projects for the State, and any regulatory actions taken or pending relating to each consultant. Also include any staff qualifications and experience in completing similar projects and copies of any staff certifications or degrees applicable to this project;

Vendor Response:

2. Please list the total number of financial advisory consultants that your firm employs. Please describe the respective seniority of each consultant. Please indicate the number of clients for which each consultant is responsible?

Vendor Response:

B. Company Background

1. Describe your firm's background and history in providing services requested herein. This should include descriptions of past projects completed, the location of the projects, project manager names and contact information, type of projects, and what the project goals and objectives were and how they were met.

Vendor Response:

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

Vendor Response:

3. Provide copies of any written Code of Conduct, Ethics Policy, or Conflict of Interest Policy. If your firm does not have such a policy please so state.

Vendor Response:

4. 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

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underwriting activity and any joint venture, partnership, or similar arrangement for any product or service with any underwriter.

Vendor Response:

5. Please provide an explanation and indicate the current status or disposition of any business litigation, legal, regulatory, or other proceedings that your organization or an officer or principal been involved in within the last five years. If none, please so state.

Vendor Response:

6. 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.

Vendor Response:

7. List the percentage of your firm's revenues that are derived from financial advisory services. Please list any other services that your firm provides.

Vendor Response:

C. Management Summary

1. Please describe the underlying philosophy of your firm in providing financial advisory services. Also list any particular strengths that your firm may have.

Vendor Response:

2. List all current clients covered by the individual(s) that your firm includes in its staffing plan for the State of West Virginia account. Include a brief description of the scope of work performed for each client.

Vendor Response:

3. Please provide references that can attest to prior work performed by your firm and by the individuals that are included in the staffing plan.

Vendor Response:

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D. Process and Experience

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.

Vendor Response:

2. Provide a summary chart of competitive, negotiated, or private placement of debt for which you played the senior financial advisory role in the past three years.

Vendor Response:

3. Describe any experience your firm has had with other forms of public debt besides General Obligation Bonds such as GARVEE Bonds, Pension Obligation Bonds, or Revenue Bonds. If none, please so state.

Vendor Response:

4. Describe the depth of your firm's analytical capabilities: personnel assigned to modeling and other quantitative analyses, use of unique proprietary and other financial models, ability to analyze and verify time sensitive and complex bids and other proposed financings, etc.

Vendor Response:

Project Goals and Objectives: Vendor should explain and describe how it will perform each of the services contained in Section Four, Subsection 4 and as shown below.

4.1 Advise the State on general market conditions and outlook for financings, including: the issuance of bonds and other financing instruments, marketability, refunding opportunities, debt affordability, budgeting of debt service, and investor preferences;

Vendor Response:

4.2 Advise the State on alternative mechanisms to finance projects, such as the use of public-private partnerships and securitization of revenue streams;

Vendor Response:

4.3 Advise the State on rating agency matters and strategies for rating agency meetings, including: preparing material for rating agency visits or calls, or meetings; identifying identity and background of rating agency personnel and a synopsis of their likely concerns and questions; preparing the State participants, including providing outlines of talking points to be made by each State presenter;

Vendor Response:

4.4 Develop and maintain a model of all of the State's outstanding debt issuances on a maturity-by-maturity basis, with all relevant descriptive information for each maturity (CUSIP, series, dated date, sale date, maturity date, original par, outstanding par, coupon, call provisions, refunded status, type of issue, debt service, etc.), to allow, among other purposes, for graphical depictions of the State's debt profile, and scenario analyses of the impact of future debt issuance and for use in State budgeting processes and official statements (NOTE: All data collected, models developed, and output produced by the Financial Advisor during the engagement with the State shall become property of the State. This does not include purchased software, or proprietary models already developed and/or maintained by the Financial Advisor prior to this engagement.);

Vendor Response:

4.5 Maintain and regularly update a "refunding screen" which uses current municipal bond and reinvestment rates, as well as call option values, to provide a maturity-by-maturity listing of refunding candidates, rank-ordered by present-value savings both in dollars and as a percentage of refunded principal;

Vendor Response:

4.6 Present on proposed bond issues and financings to rating agencies and potential purchasers of the securities;

Vendor Response:

4.7 Provide the State with any training, newsletters, and other informational material routinely provided to clients or on request as necessary to enhance State capacity for financing-related activities;

Vendor Response:

4.8 Advise the State in the development, structure, and timing of issuance of bonds and other modes of financing including, but not limited to refundings, credit-enhancements, leased financings, asset-backed financings, GARVEE bonds, and private placements and in accordance with applicable Federal and State laws, regulations, customs, and practices governing such issuance;

Vendor Response:

4.9 Advise on the amount, timing, and nature of borrowings, as well as the credit structure, maturity schedule, call provisions and other items, as needed;

Vendor Response:

4.10 Assist in preparation of official statements, notices of sale, bond documents and other appropriate information to prospective bond and note investors;

Vendor Response:

4.11 Assist in preparing and presenting timely and adequate information on proposed financings and the State's finances and operations to the bond rating agencies and institutions providing credit enhancement;

Vendor Response:

4.12 Evaluate the terms and recommendation of acceptance, rejection or renegotiation with respect to sale bids or final pricing;

Vendor Response:

4.13 Participate in meetings related to debt offerings including, due diligence, rating agency presentations, pricings, and closings;

Vendor Response:

4.14 Review proposed rules, proposed legislation, and other documents relating to the State's financing programs;

Vendor Response:

4.15 Resolve issues regarding the sale and issuance of bonds that are raised by prospective purchasers, rating agencies, or public officials;

Vendor Response:

4.16 Participate in public forums as the State's Financial Advisor to explain financial aspects of borrowings or debt;

Vendor Response:

4.17 Prepare pre-pricing books to provide estimates of the State's true interest cost for upcoming bond sales, and provide a financial advisory memorandum following each sale to demonstrate how the State's bond issues priced compared to expectations;

Vendor Response:

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4.18 Analyze various financing proposals that are presented by state and local agencies, investment bankers, and other outside entities;

Vendor Response:

4.19 Assist the State in the procurement and selection of agents and services necessary or desirable for the sale and issuance of bonds and other financing instruments, including but not limited to verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers;

Vendor Response:

4.20 Advise the State of continuing disclosure requirements and best practices;

Vendor Response:

4.21 Advise the State on issuing, monitoring, revising and updating debt, swap and disclosure policies and options related to variable interest rate bonds and interest rate exchange agreements and post-sale options;

Vendor Response:

4.22 Review the performance of verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers;

Vendor Response:

4.23 Assist the State in any response to inquiries or audits from any governmental entity;

Vendor Response:

4.24 Perform other tasks consistent with the purpose of this Procurement as may be specified by the State including any other service necessary, customary, or incidental to the sale of the issuance of debt and the financing of projects.

3. Qualifications and Experience
A. Staff

Question 1. *Provide a proposed staffing plan and include a full resume for each consultant that will be assigned to the West Virginia account, resumes of other key personnel who may be involved in special projects for the State, and any regulatory actions taken or pending relating to each consultant. Also include any staff qualifications and experience in completing similar projects and copies of any staff certifications or degrees applicable to this project;*

The State of West Virginia is one of the firm's most valued clients and retaining our financial advisory relationship with the State is of the utmost importance to the firm. We propose to use the same approach to staffing the engagement that we have used since we were originally hired by the State in 2005. This staffing plan was developed specifically for the State of West Virginia to meet the broad financial advisory needs of the State and provide optimal service. The key elements of our staffing plan include:

Our Approach to Staffing	Why is this Important to the State?
1. Our engagement is organized on a team basis.	Because PRAG does not have profit centers or separate business units, the State will be provided with the best professionals in our firm for the task at hand; unlike some other firms, we have no internal financial incentives or conflicts that affect our staffing decisions.
2. We assign two or more senior personnel (Project Managers) to be available to the State on a day-to-day basis.	This ensures that a senior adviser with working knowledge of the State is always available to provide advice.
3. For specific projects, we assign other senior PRAG professionals who have expertise that matches the needs of the State.	We bring the best people for the particular project to the State of West Virginia, to provide advice, efficiency and cost effective expertise.
4. For certain projects, PRAG has retained independent industry experts at specialty financial services firms, such as actuaries, benefit consulting firms or investment consultants.	Use of independent specialty industry experts allows the State to receive the best possible advice in the most cost effective manner in order to make informed decisions.
5. We assign analyst and associate level personnel to assist with quantitative and project support.	This ensures that the State gets the best value for its advisory dollar.
6. We assign a senior PRAG partner to supervise the engagement.	This ensures that all necessary resources of the firm are made available to State

Our professionals are drawn from diverse backgrounds, including former government finance professionals, advisors, credit analysts, bond lawyers and underwriters of tax-exempt debt to build a team with a high degree of credit expertise, unparalleled knowledge of the public capital markets, unmatched quantitative skills and in-depth appreciation of the unique challenges facing the State of West Virginia. We have assembled an experienced team to provide dedicated service to the State to meet its financing and budgeting needs - all members of the team have worked on the State of West Virginia engagement in some capacity at various times since 2005. No other financial advisory firm will be able to offer a team as skilled and intimately familiar with the State.

Please note that no PRAG personnel have any pending regulatory matters or have had any regulatory actions taken against them.

Since the inception of our engagement with the State of West Virginia in 2005 over 75% of our current professionals have provided financial advisory services to the State (please see our response to Question 3.B.1. below). While we anticipate continuing to assign firm specialists and industry experts for specific projects, as needed, we have listed below our proposed project team based on the current projects. The names, titles and responsibilities of our initial project team members are as follows:

- **Project Supervisor** is **William Cobbs**. William Cobbs is the Chairman of PRAG. He has acted as the Project Supervisor on the State of West Virginia account since 2005. He will continue to oversee the engagement, and ensure that the resources of the firm are utilized to their full potential for the State's benefit.

- **Project Managers** are **Tom Huestis, Christine Fay and Steve Goldfield.** Mr. Huestis is a Senior Managing Director and PRAG partner. Mr. Huestis is one of the current Project Managers on the State's account and has been working with the State since 2005. Ms. Fay is a Managing Director with the firm and has worked with the State of West Virginia since she joined the firm in 2008. Steve Goldfield, Senior Counselor with the firm, has been one of the principal professionals involved with the State and will be a Project Manager for the State in connection with legislative review, workers' compensation, pension funding, OPEBs and any other projects requested by the State. Mr. Goldfield has a deep knowledge of and past experience with the State and has worked with the State since 2005.

- **Credit Specialist** is **Claire Cohen.** Ms. Cohen is a Senior Counselor with the firm and has worked with the State since joining PRAG in 2007. Ms Cohen will provide assistance on all credit and ratings issues and will be available to attend rating agency presentations. Working with Project Managers, she will also assist the State in managing relationships with the rating agencies and will oversee the development and implementation of credit and rating agencies strategies.

- **Regulatory Asset Securitization Specialist** is **Wesley Hough.** Mr. Hough is a Director and Senior Counselor with the firm. Mr. Hough, along with Mr. Cobbs and Mr. Huestis, is currently advising the State and the West Virginia Public Service Commission regarding the proposed consumer rate relief securitization related to Appalachian Power Company's stranded energy costs. Mr. Hough is the former Co-President of PRAG and will continue to provide advice on this project and future securitization projects.

- **Transportation Specialist** is **Janet Lee.** Ms. Lee is a Senior Managing Director and PRAG partner. Ms. Lee has worked with the State and the Department of Transportation on their GARVEEs bonds Route 35 initiatives, West Virginia Parkways projects and other transportation matter. She will continue to be available to advise on future transportation projects.

- **Tobacco Securitization Specialist** is **Barry Valentinsen,** Senior Managing Director and PRAG partner. Mr. Valentinsen worked with the State on their Tobacco Securitization and will continue to be available to the State as needed as will Mr. Goldfield who was Co-Project Manager for the State's tobacco securitization that was used to generate $805 million for the Teachers' pension fund.

- **Derivative Specialist** is **Andrew Evanchik.** Mr. Evanchik is a Senior Managing Director with the firm and has worked with the State since 2008. Mr. Evanchik currently provides the West Virginia Parkways Authority quarterly and annual swap valuations and reports and works with the Project Managers to monitor risks and termination opportunities of the Parkways' swap. Mr. Evanchik will continue to be available to advise on derivative projects.

- **Pricing Specialist** is **Monika Conley.** Ms. Conley is a Senior Managing Director and PRAG partner. Ms. Conley will assist Mr. Huestis and Ms. Fay with the pricing of the State's negotiated financings. Ms. Conley participated in the recent pricing of the School Building Authority's 2013A bonds and helped negotiate yields that resulted in an all-in TIC of 2.77%.

- As **Project Assistants, Dan Forman,** Assistant Vice President and **Ihssane Leckey**, Analyst, will provide quantitative support as required.

Name	Proposed Role
William Cobbs, Chairman	Project Supervisor
Phone: 212-566-7800	E-mail: wcobbs@pragny.com

A founder of Public Resources Advisory Group, Mr. Cobbs has over thirty years of experience in the field of finance. The focus of his efforts on behalf of the firm's clients is to enhance demand for an issue and to lower the cost of borrowing by designing the optimal financing structure and by obtaining the highest possible credit rating and the broadest market interest. Mr. Cobbs oversees many of PRAG's large, complex engagements and directs the firm's work with the rating agencies and the public credit markets.

Mr. Cobbs has acted as Project Supervisor to the State of West Virginia since the firm was retained by the State in 2005. Mr. Cobbs has worked with State elected and appointed officials to ensure that all the resources of the firm are available to the State and the State receives second-to-none financial advice. In addition, Mr. Cobbs has taken an active role in assisting the State with its credit agency relationships, developing credit strategies and participating in State/Rating Agency meetings. Mr. Cobbs has also provided pricing advice to the State and participated in various negotiated sale pricings on the phone and at the underwriters' desks. Among other assignments, Mr. Cobbs has actively participated in the structuring and the sale of the State's $911.0 million taxable tobacco securitization, the largest taxable tobacco securitization to date.

Among his other client relationships, Mr. Cobbs has served as advisor to the Comptroller of the State of New York since 1982. In this capacity, he advises the Comptroller's Office on all aspects of debt management including bond structuring, refundings, new products, credit matters, pricing and legislation. Similarly, Mr. Cobbs has served as ongoing financial advisor to the State of New Hampshire since 1983; he assisted in developing the plan of finance that resulted in the elimination of New Hampshire's general fund deficit and its reliance on short-term debt for operations purposes a year ahead of schedule, which led to an upgrade in the State's credit ratings from A1/AA-/AA+ to Aa/AA/AA. Other states to which Mr. Cobbs has provided financial advisory services include Alabama, California, Connecticut, Florida, Georgia, Indiana, Maryland, Massachusetts, Montana, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Vermont and Virginia.

A graduate of Princeton University with a B.A. in history, Mr. Cobbs holds an M.B.A. degree in Finance from the Wharton School and attended Washington & Lee Law School. He is a member of the National Federation of Municipal Analysts. Mr. Cobbs recently received a lifetime achievement award from the New York Municipal Forum, a professional organization composed of investment analysts, rating agency analysts, investment bankers, syndicate bankers and financial advisors -- the only financial advisor to be so honored.

Name	Proposed Role
Thomas Huestis, Senior Managing Director	Project Manager
Phone: 610-565-5990	E-mail: thuestis@pragny.com

Mr. Huestis joined PRAG in 2002 and is the resident manager of the firm's Pennsylvania office. Mr. Huestis brings a unique understanding of public sector investment, debt management and financial management based on his over 20 years experience as an independent financial advisor and as a municipal finance executive.

Mr. Huestis provides advice to a wide variety of PRAG clients including states, counties, cities and authorities and has experience with all types of financing structures including general obligation bonds, revenue bonds, securitization bonds, lease and appropriation backed bonds, notes, commercial paper, variable rate bonds and more.

Mr. Huestis has worked with the State of West Virginia since the firm was hired in 2005. Mr. Huestis provided advice on a variety of State and State agencies bond issues including lottery and excess lottery bonds issued by the School Building Authority, Higher Education Policy Commission and the Economic Development Authority, revenue bonds for the Water Development Authority, Tobacco Securitization bonds, Lease Revenue bonds issued by the Economic Development Authority, GARVEEs issued by the Department of Highways, and State General Obligation Bonds. Mr. Huestis has also managed various financial planning projects including: (i) an independent financial review and analysis of the West Virginia Parkways evaluating the need for proposed toll increases and maintaining the Turnpike in an acceptable level of service, (ii) long-term financial projections for Stonewall Jackson Lake State Park, and the credit implications of State requested cash contributions, (iii) procurement for the private operations of Lodge, Restaurant and Conference Center for the Chief Logan State

Park. In addition, Mr. Huestis has provided credit and rating agency advice to the State including participating with the Governor and the Legislative leaders in presentations to the agencies in New York, managing recent lottery and excess lottery bond issues with all three agencies and bond surveillance processes with Moody's and Fitch and managing the rating process for the Water Development Authority which achieved two double-A ratings. Mr. Huestis is currently assisting the State with the Cacapon State park financing, working with the WV Public Service Commission on the proposed securitization of Rate Relief Costs for the Appalachian Power Company.

In addition to his work with the State of West Virginia, Mr. Huestis has extensive experience providing financial advice to states and state agencies and has worked with the State of Florida, State of Illinois, Maryland Stadium Authority, State of Minnesota, State of New Mexico, the State of New York Mortgage Agency, State of Vermont and the Vermont Economic Development Authority.

Prior to joining PRAG, Mr. Huestis was the Treasurer of the District of Columbia where he was responsible for the management of the District's financial assets, all debt offerings and financing programs, including maintaining investor relations with the public and private debt markets. Under Mr. Huestis' leadership, the District's S&P rating improved from "B" to "BBB."

Mr. Huestis received a Master's Degree (MBA) from Carnegie Mellon University and a Bachelor of Arts Degree in Government from Franklin & Marshall College. Mr. Huestis is a Registered Investment Adviser's Representative. Mr. Huestis is PRAG's Chief Compliance Officer.

Name	Proposed Role
Christine Fay, Managing Director	Project Manager
Phone: 610-565-5990	E-mail: cfay@pragny.com

Ms. Fay joined PRAG in 2008 and has over ten years experience as an independent financial advisor and as a municipal finance executive. In addition to the State of West Virginia, Ms. Fay has provided client support to large issuers such the States of Minnesota, Illinois and Vermont. Ms. Fay has assisted the State of Minnesota with structuring transactions, issuing both competitive and negotiated deals, bidding escrow investments, monitoring refunding candidates, and drafting and evaluating RFPs.

Ms. Fay has been working on projects for the state of West Virginia since she was hired by PRAG in 2008. She managed the competitive bidding process for the State's General Obligation Infrastructure 2011A Bonds and General Obligation State Road Refunding 2010 Bonds. Ms. Fay maintains the financial planning model for the School Building Authority that structures bond issues combined with pay-go funds to generate approximately $50 million a year for school construction projects. Ms. Fay worked on the Qualified School Construction Bonds for the School Building Authority and the Build America Bonds (BABs) for the Higher Education Policy Commission that closed just prior to December 2010 when the ARRA (stimulus legislation) expired. By selling BABs the Commission saved 60 basis points in borrowing costs which generated an additional $3.85 million for building projects. Ms. Fay worked on the State's last four Lottery/Excess Lottery bond issues and is currently working on the Cacapon State Park bond issue. She also worked in the Water Development Authority's refunding bonds for Loan Program I, II, III and the IJDC. Ms. Fay ran all the refunding numbers for the seven different series of bond issues that all priced on the same day and generated $27.5 million in net present value to the WDA.

Prior to joining PRAG, Ms. Fay served as the Debt Finance Manager at the County of San Diego where she oversaw a $2.4 billion debt portfolio, managed the County's debt issuance process, was on the capital planning committee, and served as the point of contact to the rating agencies. As the Debt Finance Manager at the County of San Diego, Ms. Fay successfully managed lease revenue transactions, conduit financings, formed the County's first special tax district, and was instrumental in the County getting upgraded to AAA by Standard and Poor's.

Ms. Fay received her MBA from UCLA Anderson School of Business and a Bachelor of Arts degree in Economics from the University of Pennsylvania

Name	Proposed Role
Steve Goldfield, Esq., Senior Counselor	Project Manager
Phone: 610-565-9330	E-mail: sgoldfield@pragny.com

Mr. Goldfield has over 20 years experience in the field of public finance. Mr. Goldfield has worked with PRAG since 2005.

As Project Manager for West Virginia since 2005, Mr. Goldfield has participated in the West Virginia Tobacco Settlement Authority's $911.1 million taxable offering, three successful qualified school construction bond financings, including the first successful state-wide issue, lottery-backed public school funding for the West Virginia School Building Authority, and transactions with the Higher Education Policy Commission, Parkways Authority and Economic Development Authority. Mr. Goldfield was a co-presenter at an all day "Bond School" presentation to state level officials in West Virginia from several departments and agencies that are involved from time to time in the issuance of bonds. Mr. Goldfield has been asked to comment on multiple legislative proposals relating to bond issuance in West Virginia, and has participated in presentations and discussions with legislative leaders, the Governor's staff and the Governor.

For the State of Illinois, he participated in the execution of two tax-exempt working capital financings totaling approximately $1.5 billion. The first of the two financings enabled the State to significantly increase its matching funding under the Federal government's FMAP program.

Mr. Goldfield has participated at the state level with drafting and review of bond-related statutes in Delaware, Pennsylvania, in addition to West Virginia. Mr. Goldfield was primarily responsible for advising the State of West Virginia with respect to legislative initiatives in the areas of lottery secured and excess lottery secured bond financings and other bond related statutes. While practicing law in the area of municipal finance for 13 years, he has become very familiar with a wide variety of aspects of Federal securities law and Federal tax law relating to issuance of tax exempt and taxable bonds including arbitrage and rebate, yield reduction payments, multi-purpose allocation rules, private activity bond tests, restrictions relating to refunding bonds, and disclosure requirements under applicable securities laws, among others.

For the past two years, Mr. Goldfield has spent a substantial portion of his time assisting the Commonwealth of Pennsylvania with a recovery plan for the City of Harrisburg which includes long term budget restructuring, monetization of certain assets, expense reduction initiatives and working with municipal officials of the state capitol to develop a long term solution to infrastructure needs, economic development, OPEBs and other challenging issues confronting municipalities.

Mr. Goldfield continues his work with the State of New York in connection with workers' compensation reform and reduction and management of assessments paid by the private and public sectors in an effort to ease the cost of doing business and to stimulate the business environment.

Mr. Goldfield practiced law in the City of Philadelphia as a partner at Saul Ewing and a Senior Member of Cozen O'Connor prior to joining PRAG. As such, he has served as underwriters' counsel, bond counsel, issuer's counsel and more recently as financial advisor and thus brings a wide array of perspective to his services.

Mr. Goldfield is a member of the Board of Directors of the Pennsylvania Association of Bond Lawyers. Mr. Goldfield received his Bachelor of Arts Degree with distinction in Political Science from The George Washington University and his J.D. *cum laude* from Villanova Law School.

Name	Proposed Role
Claire Cohen, Senior Counselor	Credit Specialist
Phone: 212-566-7800	E-mail: ccohen@pragny.com

Ms. Cohen joined PRAG as a Senior Counselor for credit matters in 2007. Previously, she was Vice Chairman of Fitch Ratings and head of municipal ratings. Prior to joining Fitch, Ms. Cohen was a vice president and managing director of Moody's Investors Service and began her career in 1956 at Dun and Bradstreet's Municipal Service Department. She has specialized in state ratings although her over fifty years experience has encompassed many other areas.

Ms. Cohen is a graduate of Radcliffe College. She is a member of the Municipal Forum of New York, the Municipal Analysts Group of New York, the National Federation of Municipal Bond Analysts and an Honorary State Treasurer. She is a member of the Federal Accounting Standards Advisory Board and has served on the Government Accounting Standards Advisory Council. Other affiliations include the Board of Governors of India House Club and the Board of Trustees of the Cyprus-American Archaeological Research Institute.

Name	Proposed Role
Wesley Hough, Director	Regulatory Asset Securitization Specialist
Phone: 310-477-4278	E-mail: whough@pragla.com

One of the founding partners of PRAG, Mr. Hough has over 30 years of public finance experience and has a broad background in public securities issuance including specific experience in public enterprise revenue-based financings and utility tariff securitization.

Mr. Hough managed the firm's Los Angeles office until 2008. He worked on the three inaugural issues of Rate Reduction Bonds issued in 1997 by the State of California on behalf of PGE, SCE and SDG&E. He served as a key member of the financing team that completed the three transactions totaling $6.1 billion and participated in development of the credit rating approach for the transactions which succeeded in obtaining triple-A bond ratings from all three rating agencies. A similar approach to utility tariff securitization as was first used in California has since been used by utilities and Public Utility Commissions across the country.

Mr. Hough also worked on the firm's utility tariff securitizations for the States of New Hampshire and Connecticut and during 2007 he managed the firm's work for the Maryland Public Service Commission on the issuance of $623.2 million Rate Stabilization Bonds on behalf of Baltimore Gas & Electric. He served as the Maryland PSC's representative on all matters related to the issuance of the bonds, including underwriter selection, bond structuring and bond pricing, in order to ensure the bonds carried the lowest cost to ratepayers. He is currently working on securitizations for the West Virginia Public Service Commission and the District of Columbia.

Prior to founding PRAG, Mr. Hough was Manager of the Government Finance Officers Association, Government Finance Research Center. While Manager of the GFRC, Mr. Hough was responsible for the Center's debt management and financial advisory activities. Mr. Hough has published several articles in the area of public finance and is co-author of the book Creative Capital Financing for State and Local Governments. He holds a B.A. degree in Economics from the University of Michigan and a Master's degree in Economics from the London School of Economics.

Name	Proposed Role
Janet Lee, Senior Managing Director	Transportation Specialist
Phone: 212-566-7800	E-mail: jlee@pragny.com

Ms. Lee has served as financial advisor to the states of West Virginia, Alabama, California, Connecticut, Georgia, Maryland, New Jersey, Virginia and Washington. She has also provided overall project management and quantitative analysis for several transportation entities including the Georgia Department of Transportation, the Georgia State Road and Tollway Authority, the Los Angeles County Metropolitan Transportation Authority, the New Jersey Transportation Trust Fund Authority, the Oregon Department of Transportation, the Virginia Department of Rail and Public Transportation, the Virginia Department of Transportation, Washington Department of Transportation and the West Virginia Division of Highways. Ms. Lee has successfully completed over $8.3 billion of financings for various transportation issuers.

In addition to advising VDOT on $4.0 billion of transportation revenue bonds and GARVEEs, Ms. Lee has assisted VDOT with analyzing public-private proposals received by the state. Other public-private projects that Ms. Lee has worked on include the $3.0 billion Dulles Corridor Rapid Transit Project, the reconstruction of 325 miles of I-81, Coalfield Expressway, Route 288 Corridor, Jamestown Corridor, the Hampton Road region, completing segments of Route 58, I-495 Capital Beltway HOT Lanes, I-395 HOT Lanes and U.S. Route 460 Corridor Improvements Project. Ms. Lee advised VDOT on the initial financing in 1998 for Pocahontas Parkway and she assisted VDOT in the evaluation of the transfer of the rights and obligations with respect to the Pocahontas Parkway to Transurban (USA) Inc. in 2006, developing a financial model to run sensitivity analyses to determine the impact on the equity distribution and rate of return of different traffic and toll assumptions, concession length and other factors.

Ms. Lee advised the State of Georgia in developing its $3 billion GARVEE program and structuring a direct and indirect program along with a variable rate component in the form of commercial paper. She has also assisted the Georgia Department of Transportation in evaluating unsolicited proposals it has received for the I-75/I-575 Northwest Corridor and the GA 400 Crossroads Region. Ms. Lee assisted the Oregon Department of Transportation in reviewing financing alternatives for the Columbia River Crossing project. She has also worked with the State of West Virginia to develop and implement a comprehensive plan of finance to fund the State's transportation needs and is working with the State and traffic consultants to identify existing and proposed transportation projects and assets to screen which projects merit the State's near term focus. She also assisted West Virginia with the development, structuring and implementation of its GARVEE program. Ms. Lee is currently a member of the Expert Review Panel for the State of Washington I-405/SR-167 Managed Lanes Project.

In addition to a M.B.A. from New York University Stern School of Business, Ms. Lee holds a B.A. degree in Political Science from Cornell University.

Name	Proposed Role
Barry Valentinsen, Senior Managing Director	Tobacco Securitization Specialist
Phone: 212-566-7800	E-mail: bvalentinsen@pragny.com

Mr. Valentinsen has worked on all of the firm's tobacco engagements, where asset-backed bonds are issued secured by future payments made under the national tobacco Master Settlement Agreement. Completed financings include West Virginia, the states of New York, California, South Carolina and TSASC, Inc., (NYC), Monroe County (NY), the District of Columbia, the County of Los Angeles, the County of San Diego and the

City of San Diego. Mr. Valentinsen assisted in all aspects of these financings including transaction planning, management and execution, advising on bond structuring, ratings and investment alternatives to maximize proceeds. In addition, Mr. Valentinsen has provided advice to several PRAG clients on the potential costs and benefits of securitizing their tobacco settlement revenue, including the states of Florida, Connecticut, Georgia, Maryland and New Hampshire, as well as a number of California localities.

In 2008, Mr. Valentinsen assisted the State of South Carolina with a complete restructuring of its 2001 tobacco bonds that included a tender program for a portion of the bonds and the collapse of the State's Healthcare Endowment Trust. Prior to joining PRAG in 1997, Mr. Valentinsen worked nearly 15 years in New York State Government, where he held positions that included Assistant Secretary to the Governor, Deputy Commissioner for Administration for the State Agriculture Department and Principal Fiscal Analyst for the Assembly Ways and Means Committee.

Mr. Valentinsen graduated from the University at Albany with an MBA in Finance. He also holds an MA from the University at Albany and a BA from Temple University. Mr. Valentinsen is a Registered Investment Adviser Representative.

Andrew Evanchik, Senior Managing Director	Derivatives Specialist
Phone: 212-566-7800	E-mail: aevanchik@pragny.com

Andrew Evanchik provides quantitative analysis for the derivatives transactions of PRAG clients including the West Virginia Parkways Authority and the State of West Virginia, State of New York, New York Local Government Assistance Corporation (LGAC), the Empire State Development Corporation, the Dormitory Authority of the State of New York, Housing Finance Authority and the City of New York, among others. Mr. Evanchik has prepared quarterly swap valuation reports for WVPA and option value analyses for various bond issues for the State of West Virginia. His responsibilities also include constructing and updating financial models, conducting risk analysis and assisting with negotiated and competitive sales. He has constructed debt service models for the State of New York, LGAC, the State of New Hampshire and other PRAG's clients. Mr. Evanchik has performed the required analysis for the new GASB 53 rules regarding derivative securities for a number of clients including New York City.

For New York State Division of Budget (DOB), Mr. Evanchik provides continuous valuation and analysis of DOB's swap portfolio in order to help advise on the available opportunities for DOB to continue to wind down its swap book. He also maintains frequent contact with municipal swap pricing desks to keep abreast of current pricing levels regarding funding and credit charges as well as general market action. Mr. Evanchik also provides valuation and analysis of other more complicated derivatives such as interest rate swaptions, caps, floors, total return swaps and inflation hedges. A primary focus of this analysis is advising on the suitability, appropriateness and transparency of any derivative security for the client.

Prior to joining PRAG in 2004, Mr. Evanchik graduated from Columbia University with a MS in Financial Engineering. Mr. Evanchik also holds a BS in Systems Engineering from the University of Virginia.

Name	Proposed Role
Monika Conley, Senior Managing Director	Pricing Specialist
Phone: 212-566-7800	E-mail: mconley@pragny.com

Ms. Conley serves as project manager for the states of New Hampshire and New York, the New York Local Government Assistance Corporation, New York State Thruway Authority, New Hampshire Turnpike System, Baltimore County, Broward County and Monmouth County. She has also assisted the states of Alabama, Florida, Georgia, Maryland and Virginia in the issuance of general obligation, revenue and lease revenue bonds and in special projects. She has worked on financings for a variety of purposes including transportation, water and wastewater, solid waste disposal and general governments.

Ms. Conley has developed cash flow models and models for structuring new money and refunding issues for PRAG's clients. In addition to providing the quantitative analyses on PRAG engagements, her responsibilities have included review of legal documents, drafting of the official statement and the notice of sale, preparation of presentations for rating agencies and communication with issuers, bond counsels, underwriters and investment bankers.

Ms. Conley has assisted the states of Alabama, Georgia, Maryland, New Hampshire, New York and Virginia in the issuance of general obligation, revenue and lease revenue bonds. For the State of New Hampshire, Ms. Conley has advised on all bond issues since 1992. She is involved in the preparation of rating agencies' presentations for the State and the yearly updates of its debt affordability study. For the State of New York, Ms. Conley assists in all bond issues, both new money and refundings. She prepares bond structures, calculates true interest cost in competitive sales and resizes the issues to comply with the state and local law. She evaluates refunding opportunities and serves as a contact with underwriters. She was involved in the development of PRAG's call option pricing model which was accepted by the State as a benchmark for selecting refunding candidates. She prepares rebate calculations and valuations of investments of bond proceeds, reviews requests for proposals received by the State and participates in a variety of other projects. Ms Conley assists in negotiated pricings of bonds for all her clients and for PRAG's Florida clients. Recently, she assisted in a successful pricing of the State's Lottery bonds.

Ms. Conley received her B.S. and M.S. degrees from the Central School of Planning and Statistics in Warsaw, and a Ph.D. from New York University. She also has a M.B.A. from the Columbia University Graduate School of Business.

Name	Proposed Role
Dan Forman, Assistant Vice President	Project Assistant
Phone: 212-566-7800	E-mail: dforman@pragny.com

Mr. Forman provides quantitative analysis for PRAG clients. His responsibilities include debt structuring and optimization, cash flow modeling, and derivatives analysis. He was quantitative specialist for the firm on its recent engagement with Baltimore County on the sale of pension obligation bonds, being responsible for developing the initial model for the issue and then all the iterations as the market changed. Prior to joining PRAG, Mr. Forman worked at State Street as a financial engineer constructing derivative pricing models and at the Federal Reserve Bank of New York as a research associate conducting macroeconomic and monetary policy research. He holds an M.S. in Financial Engineering from Baruch College and a B.A. in Physics and Economics from Swarthmore College.

Name	Proposed Role
Ihssane Leckey, Analyst	Project Assistant
Phone: 610-565-5990	E-mail: ileckey@pragny.com

Ms. Leckey provides project support for PRAG clients. For West Virginia, she is responsible for assisting with the State's debt database where she monitors over a hundred issues in fifteen different debt categories. She recently assisted on the State of Illinois investor roadshow project for their 2013 General Obligation Bonds, being responsible for researching and contacting relevant investors and managing the State's investor database. Prior to joining PRAG, Ms. Leckey was a Research Associate at Boston University conducting market research, microeconomic modeling, and data analysis. She holds a joint B.A. in Economics and Mathematics as well as Graduate quantitative course work from Boston University.

Question 2. *Please list the total number of financial advisory consultants that your firm employs. Please describe the respective seniority of each consultant. Please indicate the number of clients for which each consultant is responsible?*

PRAG currently employs twenty-six (26) public finance professionals. The table below provides the name, title, years of public finance experience, years with PRAG, the number of clients each professional is responsible for and indicates the professionals that have provided financial advisory services to the State.

Financial Advisory Professionals	Title	Years of Experience	Years with Firm	Number of Clients Professional is Responsible For	Has Provided Service to the State of West Virginia
William W. Cobbs*	Chairman	Over 36	28	10	✓
Steven Peyser*	President	Over 29	27	10	✓
Edmund Soong*	Executive Vice President	Over 25	16	9	✓
May Chau*	Managing Director	Over 15	1	6	
Louis M. Choi*	Senior Managing Director	Over 10	8	10	
Claire Cohen*	Senior Counselor	Over 40	6	As required	✓
Monika Conley*	Senior Managing Director	Over 21	21	8	✓
Marianne Edmonds*	Senior Managing Director	Over 33	8	10	✓
Andrew M. Evanchik*	Senior Managing Director	Over 9	9	9	✓
Christine Fay*	Managing Director	Over 10	5	8	✓
Steve Goldfield*	Senior Counselor	Over 22	8	4	✓
D. Mark Gooding*	Senior Managing Director	Over 27	11	8	✓
Wesley Hough*	Director	Over 31	28	5	✓
Thomas Huestis*	Senior Managing Director	Over 22	10	9	✓
Issa, Michelle*	Senior Managing Director	Over 25	4	9	
Janet Lee*	Senior Managing Director	Over 21	21	10	✓
Jocelyn Mortensen*	Senior Managing Director	Over 25	7	9	✓
Paul Sober*	Managing Director	Over 15	3	5	
Barry Valentinsen*	Senior Managing Director	Over 30	15	7	✓
Ellyn Dinzey**	Vice President	11	10	6	✓
Daniel Forman**	Assistant Vice President	1	1	4	
Christine Ilarina**	Vice President	10	7	7	✓
Ihssane Leckey**	Analyst	1	1	As required	✓
Xun Lin**	Associate	4	1	As required	
Robert Marwil**	Analyst	2	2	As required	
Christopher McAbery**	Analyst	1	1	As required	

*Represents senior PRAG professionals. Mr. Cobbs, Mr. Peyser and Mr. Soong are members of PRAG's executive committee and PRAG shareholders. Other PRAG shareholders have the title "Senior Managing Director."
**Represents mid-level, junior, associate and analyst professionals.

Our reputation for outstanding client service is due to our team approach to staffing our engagements and our business model, which seeks to assign fewer clients to each professional to allow for greater attention to each client. Each senior professional only serves approximately five to ten clients. Our business model is in contrast to other financial advisory firms, where senior professionals cover a large number of clients. PRAG has avoided that type of model, as we believe it results in the over-extension of senior professionals and an over-reliance on less experienced junior staff members. We are strategic and selective in our new business engagements to ensure the full commitment and resources of PRAG are available to all existing and any new client engagement. Our commitment to bring all the resources of PRAG is demonstrated by the table above. ***More than 75% of the senior professionals at the firm have provided financial advisory services to the State of West Virginia***. Furthermore, five of the eight PRAG professionals who did not assist the State were hired over the last 12 month period.

B. Company Background

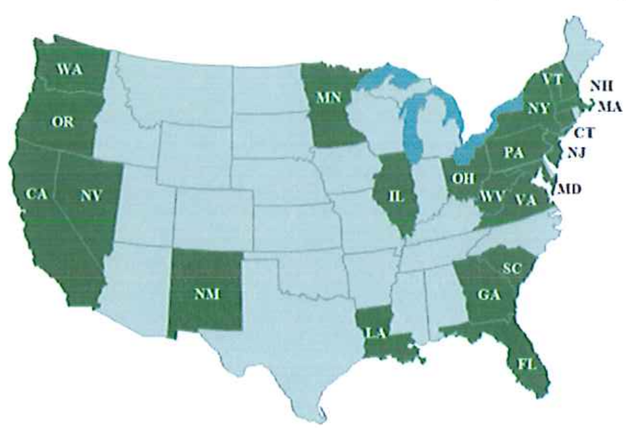
Question 1. *Describe your firm's background and history in providing services requested herein. This should include descriptions of past projects completed, the location of the projects, project manager names and contact information, type of projects, and what the project goals and objectives were and how they were met.*

Public Resources Advisory Group ("PRAG") is an independent financial advisory firm organized as a subchapter S corporation wholly-owned and managed by its employees. The firm was founded on May 1, 1985 to provide independent and comprehensive financing support to state and local governments and their authorities and has continuously served only governmental entities for the firm's entire 28 year history. PRAG has five offices across the country, including our headquarters in New York City, Philadelphia, Los Angeles, Oakland, and St. Petersburg. Our success is built on a history of high-quality independent advice, responsive service, commitment of experienced personnel, in-depth knowledge of the markets and the rating process, unmatched quantitative skills and unblemished integrity. PRAG is a registered Municipal Advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and is registered as an investment adviser under the New York Investment Advisers Act and is also registered in the states of California, Florida, New York and Pennsylvania.

As an independent financial advisor not affiliated in any way with any broker/dealer, PRAG does not engage in any form of underwriting, trading, marketing, or investing in tax-exempt securities, nor does it act as an investment manager for governmental or other funds. This restriction eliminates the possibility that even the appearance of a conflict can ever exist within our organization between marketing and financial advisory services and we will always act on the best interest of our clients. This enables us to offer uncompromised service through independence.

Source: Thomson Reuters Municipal Market Analysis

Leading National Firm. ***PRAG has been consistently ranked as one of the top three national financial advisory firms over each of the past 10 years, as shown.*** The national expertise of a financial advisory firm does not, at face value, seem to provide direct benefits to a given issuer with individual and specific needs; however, PRAG personnel are able to leverage the collective experiences of the firm to provide insights that are not frequently available on a timely basis from smaller firms. With our client base including some of the nation's most frequent municipal issuers, PRAG is one of the first financial advisory firms introduced to the latest innovations in the marketplace. In addition, we are extremely active with primary offerings and can observe first hand shifting investor preferences, including the recent changes in the dynamic bank credit support market.



Current States served by PRAG shown in green.

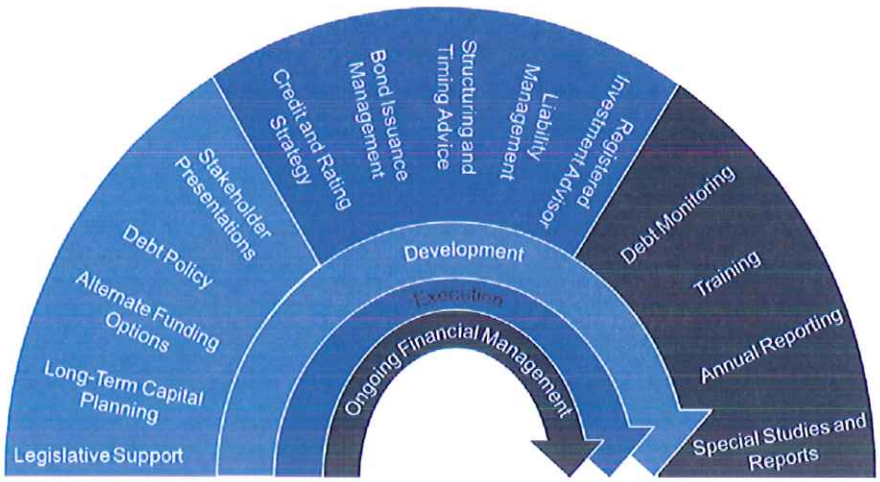
Unrivaled State and State-Level Experience: ***PRAG is the leading financial advisor, independent or otherwise, to states as well as states' agencies and authorities.*** No firm can match our experience in providing financial advisory services to states. We have assisted more than sixty states and state-level authorities and agencies on financings totaling over $393 billion. We have provided a full range of services, including advising on bonds and appropriation debt issuance, preparing plans of finance, maintaining debt databases, developing alternative bond structures, investing bond proceeds and debt service funds, developing capital and debt management plans, advising on credit and rating agency strategies, assisting with the development and implementation of marketing plans, providing legislative and public support and advising on new developments in the municipal marketplace

This experience means that we have developed unmatched knowledge of state legal structures and have unique relationships with state credit rating analysts and underwriting syndicate desks that will enable the state issuer to achieve the lowest borrowing cost. The table below provides a list of the selected states and state level authorities and state agencies for which PRAG has provided financial advice.

States	State-Level Authorities and Agencies	
State of West Virginia	**West Virginia Department of Transportation**	Louisiana Tobacco Settlement Finance
State of Alabama	**West Virginia Economic Development Authority**	Corporation Maryland Stadium Authority
State of California	**West Virginia Higher Education Policy Commission**	Massachusetts Turnpike Authority
State of Connecticut	**West Virginia Parkway Authority**	Minnesota Department of Transportation
State of Florida	**West Virginia Public Service Commission**	Montana Department of Transportation
State of Georgia	**West Virginia School Building Authority**	New Hampshire Municipal Bond Bank
State of Illinois	**West Virginia Tobacco Settlement Finance Authority**	New Hampshire Turnpike System
State of Louisiana	**West Virginia Water Development Authority**	New Jersey Economic Development Authority
State of Maryland	Alabama Highway Authority	New Jersey Transportation Trust Fund
Commonwealth of Massachusetts	Alabama Housing Finance Authority	Authority
State of Minnesota	Alabama Industrial Development Authority	New York Local Government Assistance
State of Nevada	Alabama State Docks Department	Corporation
State of New Hampshire	California Department of Water Resources	New York State Thruway Authority
State of North Carolina	California Economic Development Authority	Northeast Maryland Waste Disposal Authority
State of New Jersey	California Independent System Operator	Ohio Public Utilities Commission
State of New Mexico	California Infrastructure and Economic Development Bank	South Carolina Tobacco Settlement Revenue
State of New York	California Pollution Control Financing Authority	Management Authority
State of Oregon	California Public Works Board	Vermont Economic Development Authority
State of South Carolina	Casino Reinvestment Development Authority (NJ)	Virginia College Building Authority
State of Vermont	Connecticut Resources Recovery Authority	Virginia Department of Transportation
Commonwealth of Virginia	Connecticut Transportation Infrastructure Bond Program	Virginia Port Authority
District of Columbia	Empire State Development Corporation (NY)	Virginia Public Building Authority
	Golden State Tobacco Securitization Corp.	
	Indiana Finance Authority	

PRAG provides comprehensive financial advisory services to its clients, generally organized into the following categories: (i) Financial Planning and Policy Development, (ii) Legislative Support, (iii) Development of Financing Plans, (iv) Debt Transaction Management and Implementation Services, (v) Credit and Rating Agency Strategy and Relationships, (vi) Liability Management Services, (vii) Investment Advisory Services, (viii) Communication and Negotiation Support, and (ix) Monitoring, Training and Tracking.

In addition to developing financing plans and executing bond issues, PRAG personnel have worked with clients on a wide variety of assignments, including debt program feasibility studies, capital project financing plans, privatization studies and implementation plans, debt affordability studies, governmental reorganization plans and operations strategies, pension and insurance fund restructuring, and capital market access plans.



Highlights of PRAG's comprehensive financial advisory services provided to the State of West Virginia include: development of a "promise and performance" based rating agency strategy that yielded rating increases for the State from all three rating agencies reducing the cost of State borrowing and increasing refunding savings; serving as advisor to the state in connection with i) reducing the workers' compensation unfunded accrued actuarial liability by in excess of $2.5 billion, ii) capitalizing the employers' mutual insurance company at $400 million less than requested by BrickStreet, iii) developing a funding plan that avoided issuance of $1.5 billion of bonds, and iv) reducing premium paid by all businesses and government by in excess of 35%; assisting with a comprehensive plan to re-focus the Parkways Authority on its core mission and to eliminate liabilities with respect to Tamarack; financings for State parks; assisted the Governor with a comprehensive review of the governance structure and risk profile being pursued by the Consolidated Public Retirement Board after the financial crisis; working with the School Building Authority on investments suitable for its QSCB financings; increasing the competition of investment banks that are covering West Virginia and have now participated in both negotiated and competitive offerings which we believe has also reduced the cost of capital for the State of West Virginia and increased the number of firms bringing ideas to the State.

It is important to note that each of these projects grew out of the specific needs of the State of West Virginia. The common attribute that they all share is the goal of improving overall financial performance and governmental effectiveness, to enable funding of essential projects. This goal may be achieved through improving capital market access, developing and implementing new and creative financing programs to fund capital projects, improving internal operations, instituting privatization and operations reform initiatives, improving market communications, and financial reorganization.

Provided below in tabular form are descriptions of some of the projects PRAG has completed for the State of West Virginia. Included in this summary are the Project Manager names, type of projects, what the project goals and objectives were and how they were met. Contact information is on previous resumes.

Location: State of West Virginia
Selected Descriptions of Past Projects Completed, Including Goals and Objectives

Project Type and PRAG Project Managers	Project Description, Goals and Objectives	How Goals and Objectives were Met
Debt Management Project Supervisor: William Cobbs Project Managers: Ben Asher, Steve Goldfield, Tom Huestis and Christine Fay.	Implementation of Best Practices in Debt Management	Developed a ***formalized, competitive procurement process*** for selection of underwriters through the Department of Administration: • Improved the State's request for proposal process • Expanded participation of local, regional and national investment banking firms • Enhanced criteria for selection committee • Prepared summaries of proposals containing salient features of responses • Provided requested training for selection committee members including an all day, comprehensive Bond School event for multiple agencies that participate in bond financings • Served in an advisory capacity at various stages of the procurement process • Developed interview questions for short listed candidates and provided quantitative support relating to responses and helping committee members to prioritize respondent capabilities. Assisted the State with ***negotiation of underwriters' fees*** prior to each negotiated bond sale. Assisted the State with negotiating the pricing of bonds (interest rates) to ***ensure optimal borrowing cost is achieved.*** Advised the State to sell general obligation bonds by ***competitive sale to achieve the lowest cost of borrowing.*** Advised the State on investment of bond proceeds, always recommending a ***competitive procurement process*** to obtain an investment return within the State's legal and risk constraints.

Rating Agency and Credit Market Relationships Project Supervisor: William Cobbs Project Managers: Ben Asher, Steve Goldfield, Tom Huestis and Christine Fay.	Improve the State's Credit Rating with all three Agencies	***Frequent communication*** between State leadership, PRAG and rating agencies as well as ***"promise and performance scorecard" (i.e. the State promised it would aggressively address unfunded liabilities and performed on those promises)*** were the center piece of the rating agency strategy. • These efforts coupled with conservative financial management and strong financial performance, including increasing reserves, diversifying economy and reduction in unfunded liabilities ***resulted in credit rating upgrades by Moody's and Standard & Poor's in 2009 and 2010***, respectively, the ***first upgrade of the State by Moody's since 1999*** and ***by Standard & Poor's since 1996.*** • Since 2008, the State has been only one of two states to receive an upgrade from Moody's. • ***Higher credit ratings*** directly ***translate into lower borrowing costs*** for the State
Financial Liability Management Project Supervisor: William Cobbs Project Managers: Ben Asher, Steve Goldfield and Tom Huestis	Addressing the State's Unfunded Teachers' Pension Liabilities using Tobacco Bond Proceeds	Assisted the State with ***landmark tobacco bond sale*** (largest taxable tobacco bond issue ever) resulting in savings to taxpayers of $2.5 billion and significantly improving the funding of the Teachers' Retirement System. • This financing enabled the State to amortize its unfunded debt on the TRS on a ***level, annual, affordable basis.*** • Assisted the State with the transfer of teachers from defined contribution plan back into defined benefit plan while ***actually reducing the annual funding cost to the state for such transferees.***
Financial Liability Management Project Managers: Steve Goldfield and Tom Huestis	Addressing the State's Workers' Compensation Unfunded Liabilities	Developed (with an actuarial firm), a model that enabled the ***Old Fund to be closed without having to issue $1.5 billion of bonds – saving***s of approximately ***$50 million per year*** for life of bonds. • Supported the Offices of Insurance Commissioner in negotiations to fund BrickStreet's start up operations reducing BrickStreet's request from $650 million to $220 million ***subject to stringent requirements to protect the State.*** The entire note, along with interest has now been repaid, ahead of schedule and the ***Old Fund debt has been reduced by more than $2.5 billion.***

Financial Liability Management Project Managers: Steve Goldfield and Tom Huestis	Addressing the State's Other Post Employment Benefits Unfunded Liabilities	Provided independent analysis of OPEB liability so State would have higher degree of confidence when reviewing options. ***Comprehensive review of benefit structure and operational overview of PEIA*** led to a series of recommendations aimed at best practices in the area of delivery of post employment health care benefits • Advised the State to shift healthcare cost to the Federal Government through the MAPD program which has ***saved the State well in excess of $100 million***; through a comprehensive effort by the State, its OPEB liability has been reduced from in excess of $8 billion to approximately $5 billion with funding potentially coming from, among other places, reprogrammed revenues currently flowing into the Old Fund. PRAG participated in joint meetings of Senate and House to present comparisons with other states and ideas being implemented in other states to assess benefits and reduce the unfunded liability.
Financial Asset Management Project Managers: Ben Asher, Steve Goldfield and Tom Huestis	Investment review to assess financial risk in the wake of the 2008 financial crisis.	Undertook a ***comprehensive review of the State's investment practices*** and investments • Assisted with improving communication among key State entities responsible for State investments (Treasurer's Office and CPRB) by sharing information and better coordinating investment decisions for certain investments. • The ***State altered its investment strategy for rainy day fund*** and the Workers' Compensation Old Fund to ensure ***preservation of principal and liquidity***. • An objective for ***Workers' Compensation Old Fund was to reduce its exposure to equities*** and ***eliminate hedge fund investments.*** • Advised the State on the procurement of new general investment consultant at IMB after this review. Assisted in the development of the request of proposals, the development of selection criteria and advising throughout the process.
Financial Asset Management Project Managers: Tom Huestis and Jocelyn Mortensen	Independent Financial Operations and Capital Review and Analysis of West Virginia Parkways	***Prepared an 81 page report to assist the Governor, State Legislature and general public*** in the evaluation of the need for toll increases to maintain a safe system of roads with acceptable levels of service for its users. • Led to decision to have Parkways focus on transportation and exit the economic development and tourism business. • ***Paid off remaining Tamarack bonds*** reducing operating losses by $1.2 million per year. • First toll increase since 1981 was implemented in 2009.

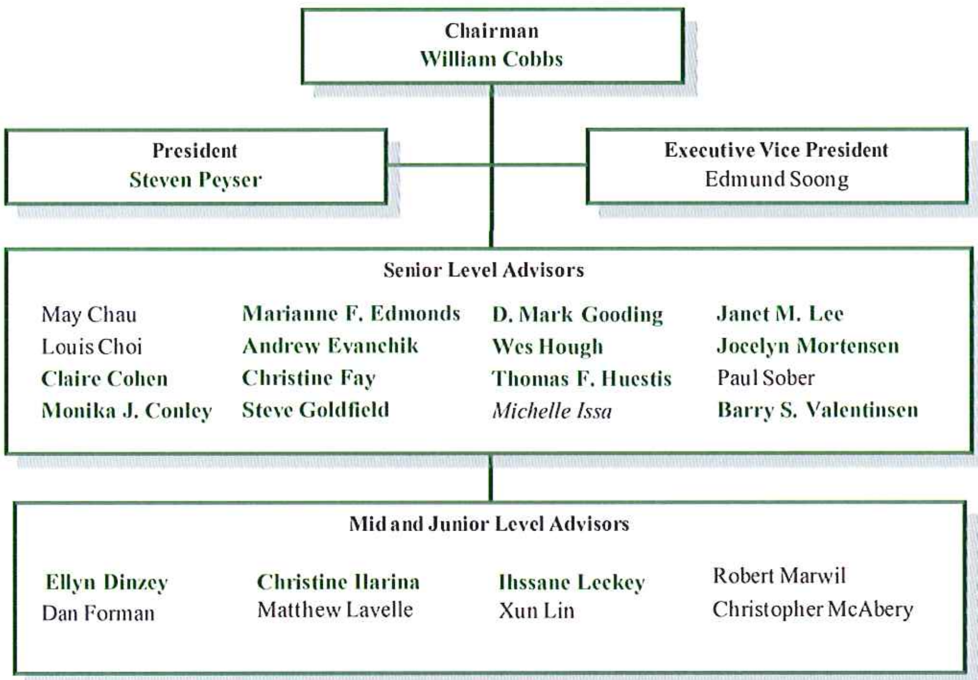
Transportation Funding Plans Project Supervisor: William Cobbs Project Managers: Ben Asher and Janet Lee	Enable funding acceleration of essential transportation projects	PRAG assisted the State in developing, structuring and implementing a $200 million debt program to leverage future Federal and highway reimbursements through the issuance of GARVEEs bonds. The program consisted of three financings, the first issuance of bonds ($76.0 million) were sold in October 2006. PRAG advised on all aspects of this financing, including the structuring of bonds, developing the credit structure that resulted in ratings of Aa3 for Moody's and AA- from Standards & Poor's. PRAG assisting the State negotiate the pricing of the bonds resulting in lower debt service costs, drafting of the disclosure document and the investment of bond proceeds which were procured on a competitive basis
School Capital Funding Plan Supervisor: William Cobbs Project Managers: Ben Asher, Christine Fay and Steve Goldfield	Develop a multi-year approach to school building funding that is affordable and sustainable.	PRAG and the WV School Building Authority developed a structure that optimizes use of bond proceeds of the Excess Lottery Fund, State Lottery Fund and other appropriations and leverages only certain portions of the Excess Lottery and Lottery revenues. PRAG built a funding model to provide regular updates to the Plan. The model is currently being used by the both the SBA and the Governor's office for planning and to evaluate school construction plans.
Parkways Direct Bank Loan Project Managers: Ben Asher, Christine Fay and Steve Goldfield	Eliminated liquidity and basis risk related to variable rate bonds	PRAG prepared and distributed a Request for Proposal for liquidity facilities for the Parkways variable rate demand bonds (VRDBs). PRAG summarized and evaluated the proposals and in conjunction with the Authority determined that a Direct Bank Loan allowed for reduced risks at a comparable cost to other alternative products in the market. PRAG assisted with all aspects of the mandatory tender of the variable rate demand bonds and negotiation of the direct bank loan with Wells Fargo bank. This transaction eliminated significant risks to Parkways Authority for the next seven years.
Refunding Bond Issues Project Managers: Ben Asher, Tom Huestis, Christine Fay and Steve Goldfield	Refinance debt in order to achieve debt service savings in excess of 3%	The seven refundings below resulted in over ***$61.5 million of savings on a present value basis.*** Each of the refundings achieved ***a savings percentage*** of the refunded bonds ***well above the 3% benchmark*** typically used by municipal issuers. • $94.3 million Water Revenue Refunding bonds were priced on October 27, 2011. As a result of the refunding, the WDA obtained over ***$27.5 million in present value savings*** (or 21.9% of the refunded bonds). • $12.0 million Lease Revenue Refunding bonds were priced on October 27, 2011. As a result of the refunding, the State obtained over ***$1.6 million in present value savings*** (or 13.4% of the refunded bonds). • $18.6 million Infrastructure General Obligation Refunding Bonds were sold competitively on September 14, 2011 and resulted in ***$2.6 million in present value savings*** (or 13.6% of the refunded bonds). As a result of this refunding the State will realize approximately $260 thousand in annual savings in fiscal years 2013 through 2023.

		• $90.8 million lease revenue refunding bonds for Correctional, Juvenile and Public Safety Facilities) were priced on July 13, 2011 and resulted in over ***$6.3 million in present value savings*** (or 6.9% of the refunded bonds). As a result of this refunding the State will realize $630,000 in average annual savings in fiscal years 2012 through 2024. • $35.1 million general obligation state road refunding bonds were sold competitively on July 8, 2010. The State ***received a ratings upgrade*** the day before it went to market on these bonds. As a result of the refunding, ***aided by the rating upgrade,*** the State obtained over ***$4 million in present value savings*** (or $5.8 million in savings over the life of the bonds) and $2.2 million in FY2011. • $186.0 million Capital Improvement Refunding Bonds sold on February 8, 2007 resulted in over ***$14 million of present value saving***s or 7.32% of refunded bonds. The savings were obtained in fiscal years 2007 and 2008 to increase the funding of school construction. • $94.2 million Infrastructure General Obligation Refunding Bonds sold on November 1, 2006 resulted in ***$6.3 million in present value savings*** (or 6.6% of the refunded bonds).

Question 2. *Provide a broad overview of your firm, including a functional description of any parent, affiliated, or subsidiary company, and any business partners. Provide an organization chart of your firm and describe the working relationships between each component and your consulting group.*

As stated above, PRAG is an employee owned and managed firm. PRAG has no parent, affiliated or subsidiary companies and no corporate business partners. PRAG does not retain business consulting/marketing firms.

Our Organizational Chart is shown below. ***PRAG maintains a flat organizational structure consistent with our team oriented approach to providing service.*** Unlike our competitors, we do not have profit centers or separate business units that affect our staffing decisions due to financial incentives or organizational conflicts. During our eight years of service to the State of West Virginia the Project Managers have pulled from resources throughout our firm to meet the State's changing needs, specifically bringing in firm specialists and industry experts, as needed, for specific projects. By hiring PRAG, West Virginia not only gets a top notch team dedicated to servicing the State but also all of the firm's specialists at its disposal. **Highlighted** individuals have worked on projects for the State – ***including 12 out of the 16 senior advisors in the firm***.



As mentioned above in our response to Question 3.A.1., at our clients' request, on certain projects, PRAG works with other independent financial services firms such as actuaries, benefit consulting firms, investment consultants with specialty industry expertise to meet our clients' goals and objectives. For specific projects and depending on our client's preferences, these firms will subcontract with PRAG, PRAG will subcontract with these firms or PRAG and the service firms will provide services via separate client contracts. Consistent with our independent approach to client service and our desire to eliminate any conflicts or perceived conflict of interest, PRAG has no long-term contractual relationships with these firms.

For example, in our work with the State of West Virginia, PRAG has entered into subcontracting arrangements with Milliman Inc., to provide the State actuarial and benefits consulting services for various State Workers' Compensation OPEB and Pension projects. We assisted the Governor's office with a transition of teacher's who had opted into the defined contribution plan back into the defined benefit plan in a manner that minimized the overall cost to the State, reduced the annual cost to the State while enabling teachers to exit an investment strategy that had been provided to them prior to PRAG's engagement in 2005.

Question 3. *Provide copies of any written Code of Conduct, Ethics Policy, or Conflict of Interest Policy. If your firm does not have such a policy please so state.*

PRAG's Code of Conduct policies and Conflict of Interest policy are included in PRAG's Employment Handbook (the "Handbook"), which each PRAG employee is obligated to sign and agree to its provisions as a condition of employment. We have included the abridged version of the Handbook, which excluded provisions not related code of conduct or conflict of interest, as Appendix A. Please see Appendix B for our Ethics Policy which also includes a Conflict of Interest provisions.

Question 4. *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.*

PRAG does not have any known or potential conflicts of interest with the State. As an independent financial advisor not affiliated in any way with any broker/dealer, PRAG does not engage in any form of underwriting, trading, marketing, or investing in tax-exempt securities, nor does it act as an investment manager for governmental or other funds. This restriction eliminates the possibility that a conflict can ever exist within our organization between marketing and financial advisory services and we will always act on the best interest of our clients.

Question 5. *Please provide an explanation and indicate the current status or disposition of any business litigation, legal, regulatory, or other proceedings that your organization or an officer or principal been involved in within the last five years. If none, please so state.*

Our growth and success is built on a history of high-quality independent advice, responsive service, commitment of experienced personnel, in-depth knowledge of the markets and the rating process, unmatched quantitative skills and ***unblemished integrity.*** There has never been any business litigation, legal, regulatory or other proceedings against PRAG or any officer or principal of PRAG. As with our organizational structure, our disclosure is brief and straightforward, as shown below.

The Antitrust Division of the U.S. Department of Justice had been conducting a wide-spread investigation of activities relating to swaps and investment contracts focusing on certain companies and individuals since at least 2006. In May 2008, PRAG undertook a document production process relating to certain swaps and investment contracts. As of August 14, 2008 PRAG submitted all documents it was able to find in its possession that were potentially relevant to the request made by the Department of Justice. PRAG received a request from an attorney at the Antitrust Division to voluntarily submit documents related to one additional investment contract in 2009. PRAG voluntarily provided the documents requested. In addition, approximately 20 states attorneys general were also investigating alleged improprieties in connection with swaps and investment contracts for some time. In September of 2009, PRAG produced documents for the State of New York relating to certain swaps, at the request of the New York State's Attorney General's Office. No further communications have been received by PRAG with respect to the states attorneys general investigation or the State of New York. In addition by letter dated January 10, 2011, PRAG received from the United States Securities and Exchange Commission, a confidential, informal request for information about a Build America Bonds issue of one of its clients. PRAG complied with this request as well.

We are unsure if the above investigations are still pending; however, we have not been given any reason to believe that PRAG is a target or subject of these investigations. Moreover, we believe that these investigations are focused on certain other companies and individuals. Except as described above, no further requests of PRAG have been indicated nor are they anticipated.

Question 6. *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.*

PRAG has Errors and Omissions insurance with a $2,000,000 limit. We carry liability insurance with an overriding umbrella policy with an aggregate limit of $4,000,000.

Question 7. *List the percentage of your firm's revenues that are derived from financial advisory services. Please list any other services that your firm provides.*

As an independent financial advisor, PRAG does not underwrite, trade or sell securities – our sole business is to advise clients in structuring and implementing the financing of economically feasible projects and in securing capital at the lowest possible cost. ***As a result, 100% of our revenues are derived from financial advisory services*** consistent with the scope of services provided in the State's request for proposals.

C. Management Summary

Question 1. *Please describe the underlying philosophy of your firm in providing financial advisory services. Also list any particular strengths that your firm may have.*

Fundamental Philosophy in Providing Services: ***PRAG's fundamental philosophy as financial advisor is to consider all assignments from a comprehensive viewpoint and to provide a balance between the client's short and long-term interests, rather than focusing on a single transaction.*** Not only do we offer all of the necessary services to efficiently structure, price, and close a transaction, but we also examine other aspects of our client's finances and operations to ensure that each assignment is efficiently executed, and takes into account the overall financial profile, goals and objectives of the client. PRAG typically considers its role as an advisor an on-going responsibility to our clients, rather than simply a task-driven role. Our long-term engagement with the State of West Virginia is one of the best examples of us putting this philosophy to work. Our work for the State has branched out from the typical scope of work related to bond issuances into a variety of areas as illustrated in the table below.

	Financial Planning and Policy Development	Development of Financing Plans	Debt Transaction Management	Rating Agency and Investor Relations	Budget and Operational Issues	Liability Management Services	Swaps and Interest Rate Hedging	Investment Advisory Services	Communication and Negotiation Support	Legislative Review
Governor's Office Initiatives	x	x		x	x	x		x	x	x
School Construction Financing	x	x	x	x	x		x	x	x	x
Water and Wastewater Financing	x	x	x	x						x
Public Facilities Financing	x	x	x	x	x				x	x
Parks Funding	x	x	x	x	x				x	x
Higher Education Funding (Lottery)	x	x	x	x					x	
Parkway Authority	x	x	x	x	x	x	x	x	x	x
Division of Highways Funding	x	x	x	x	x				x	x
Workers' Comp. - Brickstreet	x	x		x	x	x		x	x	x
Workers' Compensation Old Fund	x	x		x	x	x		x	x	x
Teachers' Retirement System	x	x	x	x	x	x		x	x	x
Other Post Employment Benefits	x	x	x	x	x	x		x	x	x
Stonewall Jackson Park	x			x	x	x			x	x
Investment Risk Management	x			x	x			x	x	x

We have chosen the following case study to highlight the how our services branch out to meet the needs of our clients.

<u>West Virginia- Pension Case Study</u>

In 2004, West Virginia had one of the nation's most underfunded public employees' pension systems. The annual payments over the next several years were going to put an extreme strain on the State's general fund budget. The newly elected Governor wanted to address this challenge head on. PRAG was retained by then Governor-elect Joe Manchin, to help him and his staff analyze and structure a traditional pension obligation bond issue. Although the ballot question for this bond issue was ultimately defeated, since that time PRAG has worked continuously with the State of West Virginia in its effort to improve the funding of its retirement systems. The goal has been to achieve a sustainable contribution level that would not adversely impact the general fund budget and could contribute to a strong perception of the State's credit position on Wall Street. For several years during which PRAG has been engaged, the State has deposited surplus revenues into its retirement system. PRAG has worked alongside the State's actuary to support the decision-making process. In 2007, PRAG was the sole financial advisor to the State in connection with its $911.1 million taxable tobacco settlement receipt securitization. Proceeds of this issue were eventually used to provide additional funding to the Teachers' Retirement System, after analysis of the best use of these funds amongst the State of West Virginia's unfunded accrued actuarial liabilities (OPEB, Pension and Workers' Compensation). PRAG has worked closely with the Consolidated Public Retirement Board's actuaries and with the State's outside actuarial firms (Buck Consultants, Inc., Ernst and Young, and CCRC) and brought in outside actuarial expertise using Milliman, Inc. as a subcontractor, in order to ensure that the State was provided with the best information and an array of opinions upon which to base its decisions. We have found that being able to translate actuarial assumptions and projections into terms that can be used by policy-makers and legislators has been valuable to our clients including to the State of West Virginia. While, the actuaries do an excellent job at providing projections and calculations under the applicable GASB rules and regulations, we have been able to take their models and merge them with five year budget planning models and then discuss the options with legislative leaders and policy makers in a way that makes sense to them. Since 2004, with PRAG's assistance, West Virginia has succeeded in increasing its funding ratio from 22 percent to approximately 50 percent and more importantly, the State is now able to amortize its UAAL at a level payment that is affordable and sustainable (as opposed to a level percentage of payroll which would have neither been affordable nor, sustainable). As stated previously, we have also assisted with a mechanism to help senior teachers in an underfunded defined contribution system while balancing the impact on the State's budget, the unfunded percentage and the need to assist these teachers.

Firm Strengths: PRAG's success has been built on ***four pillars of expertise: (i) exceptional quantitative capabilities, (ii) understanding of credit analysis and rating agency relationships that no other firm possesses, (iii) knowledge of markets, and (iv) service commitment***. This expertise is one reason PRAG is a leading financial advisory firm.

Quantitative Capabilities: Just as PRAG has unparalleled credit skills among financial advisors, we offer analytical skills no other advisor can provide. Our quantitative skills, including such advanced techniques as linear optimization and call option modeling, are equal to any offered by investment banking firms. When appropriate, we use DBC software for structuring. In cases in which DBC software is not flexible enough to produce optimal solutions, we often use DBC to verify results. We have found that Excel is much more effective in structuring complex bond financings, which we augment with a linear optimization module called What's Best where appropriate. In addition, our swap modeling software is based in Excel and its results have been confirmed with industry standard swap pricing models.

Knowledge of Credit: PRAG can offer unrivaled credit advice to the State of West Virginia through the presence of Claire Cohen on PRAG's team, together with the support of William Cobbs, Chairman and Project Supervisor, and Tom Huestis, Senior Managing Director. Ms. Cohen, as previously stated, was Vice Chairman of Fitch Ratings and, prior to that, a Managing Director of Moody's Investors Service, with over 30 years experience in public finance. While at Moody's, she was principally responsible for developing the entire concept of municipal credit analysis. Ms. Cohen has experience in rating all types of tax-exempt credits.

Knowledge of Markets. PRAG makes it a standard practice to have an active understanding of daily market developments. We have access to the latest economic data and capital market prices from real-time information sources. In addition, as a result of advising on various complex financing programs and frequent large debt issuances nationwide, we are aware of trends in interest rates, changes in investor sentiment, and the newest innovations in the capital markets.

Service: Our firm is known for service; indeed *Service is Our Signature*. PRAG's focus is on service and current clients always come before new revenue development. The emphasis we place on service can be seen in the senior level team that we offer the State.

Question 2. *List all current clients covered by the individual(s) that your firm includes in its staffing plan for the State of West Virginia account. Include a brief description of the scope of work performed for each client.*

Team Member	Clients	Scope of Work
William Cobbs	1. Various States including: West Virginia, California, Connecticut, Florida, Georgia, Massachusetts, Minnesota, New Hampshire, and New Mexico 2. Various Counties including: Baltimore County, Miami-Dade County and Monmouth County 3. Various Cities including: Los Angeles and New York	Project Supervisor for many of the projects Pricing Specialist for many of the projects
Thomas Huestis	1. State of West Virginia and its agencies 2. State of Minnesota 3. State of Illinois 4. State of Vermont 5. State of Ohio PUC 6. New Castle County, DE 7. Montgomery County, MD 8. The Harrisburg Authority 9. City of Erie School District	1. Project Manager for the State and State agency projects 2. Project Manager for all State issued general obligation bonds and notes and general advisory assignments. 3. Project Manager on bond issues as assigned by the State. 4. Project Manager for all aspects of the engagement. 5. Project Assistant for utility phase in securitization. 6. Co-Project Manager for all County financings 7. Project Manager for projects assigned by the County. 8. Project Manager for water and sewer restructuring. 9. Project Supervisor for financial management plan project
Steven Goldfield	1. State of West Virginia 2. Commonwealth of PA, Office of the Receiver of Harrisburg 3. State of New York 4. Bethlehem Authority (PA)	1. Project Manager for the State and State agency projects 2. Project Manager for advisory work related to the City of Harrisburg financial recovery project. 3. Project Manager for Workers' Compensation projects 4. Project Manager for authority's general advisory work
Christine Fay	1. State of West Virginia and its agencies 2. State of Minnesota 3. State of Illinois 4. State of Vermont 5. RGRTA 6. New Castle County 7. Bethlehem Authority 8. City of Erie School District	1. Project Manager for the State and State agency projects 2. Assistant Project Manager for all State issued general obligation bonds and notes and general advisory work. 3. Asst. Project Manager on bond issues as assigned by the State. 4. Project Manager for debt issued by the State. 5. Project Manager for all aspects of the downtown transit project 6. Project Manager for all County financings 7. Project support for all aspects of the engagement. 8. Project Manager for all School District financings
Monika Conley	1. State of New York, OSC 2. LGAC 3. New York State Thruway Authority 4. State of New Hampshire 5. New Hampshire Turnpike System 6. Baltimore County, MD 7. Monmouth County, NJ 8. Northeast Maryland Waste Disposal Authority	1. Project Manager for all State issued general obligation bonds and general advisory work. 2. Project Manager on all refundings including swap terminations; investment of Capital Reserve; liquidity procurement. 3. Project Manager for new money and refunding revenue bonds and BANs; investment of bonds and BANs proceeds; special projects. 4. Project Manager for all State issued general obligation bonds, debt studies and general advisory work. 5. Project Manager for new money and refunding transactions. 6. Project Manager for all County issued general obligation bonds and COPs, new money and refundings, CP program, Debt Studies and general advisory work. 7. Project Manager for all County issued general obligation

		bonds, debt studies and general advisory work. 8. Project Manager for new money and refunding revenue bond issues and special projects.
Claire Cohen	Various State, Authority and Municipal Issuers including: states of West Virginia, Connecticut, Georgia, Massachusetts, Minnesota, New Hampshire, Vermont and Virginia.	Provides credit advice and support on a variety of PRAG's clients.
Andrew Evanchik	1. West Virginia Parkways Authority 2. New York City 3. New York State DOB 4. New York State Comptroller 5. State of Georgia 6. City of Erie School District 7. Massachusetts 8. New Hampshire 9. Connecticut	1. Project Assistant/Quantitative Specialist for the Authority's swap portfolio. 2. Project Assistant/Quantitative Specialist for the City's GO and TFA work. 3. Project Assistant/Quantitative Specialist on all work for the State's Division of Budget. 4. Project Assistant/Quantitative Specialist on all work for the State's Office of the Comptroller and related issuers. 5. Project Assistant/Quantitative Specialist on work for all of the State's projects. 6. Project Assistant/Quantitative Specialist for the District's swap portfolio. 7. Project Assistant/Quantitative Specialist for the State's competitive GO bond issues. 8. Project Assistant/Quantitative Specialist for the State's GO and Turnpike projects. 9. Project Assistant/Quantitative Specialist for the State's Special Tax Obligation work.
Janet Lee	1. State of Virginia. 2. Virginia Department of Transportation 3. Virginia College Building Authority 4. Virginia Public Building Authority 5. State of Georgia 6. Georgia State Road and Tollway Authority 7. University System of Georgia 8. City of Virginia Beach 9. Maryland Department of Transportation 10. Commonwealth of Massachusetts	1. Project Manager for the State's projects 2. Project Manager for the Department's projects 3. Project Manager for the Authority's projects 4. Project Manager for the Authority's projects 5. Project Manager for the State's projects 6. Project Manager for the Authority's projects 7. Project Manager for USG's projects 8. Project Manager for City's projects 9. Project Manager for the Department's projects 10. Project Manager for Accelerated Bridge Program Transportation Revenue Bonds
Dan Forman	1. Baltimore County 2. Denver City Public Schools 3. District of Columbia 4. Ohio Public Utility Commission.	1. Project Assistant/Quantitative Specialist for Pension Obligation Bonds. 2. Project Assistant/Quantitative Specialist for swap portfolio. 3. Project Assistant/Quantitative Specialist for Prospective Utility Tariff Bonds. 4. Project Assistant/Quantitative Specialist for Phase-in-Recovery Bonds.
Ihssane Leckey	1. State of West Virginia 2. State of Minnesota 3. State of Vermont 4. State of Ohio PUC 5. The Harrisburg Authority 6. City of Erie School District	Project Support on projects as assigned.

Question 3. *Please provide references that can attest to prior work performed by your firm and by the individuals that are included in the staffing plan.*

State of Minnesota	State of Vermont	State of Illinois
Kristin A. Hanson Assistant Commissioner – Treasury Minnesota Management & Budget 400 Centennial Office Building 658 Cedar Street St. Paul, MN 55155 (651) 201-8030 kristin.hanson@state.mn.us	Stephen T. Wisloski Deputy State Treasurer Vermont State Treasurer's Office 109 State Street, 4th Floor Montpelier, VT 05609 (802) 828-5197 stephen.wisloski@state.vt.us	John Sinsheimer Director of Capital Markets Governor's Office of Management & Budget 100 W. Randolph, 15th Floor Chicago, IL 60601 (312) 814-7279 john.sinsheimer@illinois.gov

D. Process and Experience

Question 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.*

Given our in-depth understanding of market conditions, active involvement advising issuers on bond sales and our bond structuring expertise, our firm takes responsibility for developing and structuring procedures for tax-exempt bonds.

Debt Profile and Debt Policies: In order to structure our clients' tax-exempt bonds in the most cost effective manner and to meet the client's needs, PRAG gains a thorough understanding of the client's capital plan, debt profile and debt policies. Based on the publicly available documents as well as input from client staff, PRAG builds a debt database/profile that summarizes our client's outstanding debt. Since we were hired in 2005, PRAG has built and maintained the State of West Virginia database. The database is organized by credit type and issuer and includes debt issued by the State directly, the School Building Authority, the Economic Development Authority, the Water Development Authority, Parkways Authority, Department of Transportation, Higher Education Policy Commission, and Tobacco Settlement Finance Corporation. With this model PRAG monitors the State's debt regularly for refunding opportunities. In addition, we manage the State's debt affordability analysis by constructing a comprehensive and flexible model that allows a review of the effects of various assumptions related to debt issuance on future capital plans and budgets and on debt ratios that are commonly used by credit analysts to determine credit strength.

Schedule: PRAG generally prepares and maintains a financing timetable showing the key deliverables and milestones for each transaction and assigning responsibility for accomplishing those tasks, and works with the State to ensure timely progress is made by the finance team. PRAG also assist the State with scheduling and leading meetings and calls throughout the development and implementation of the financing.

Selection of Team Members: PRAG routinely prepares or comments on requests for proposals and produces summaries of responses to assist its clients in selecting various financing team members, including bond counsels, underwriters, remarketing agents/dealers, trustees, escrow agents, printers, verification agents, and other vendors relevant to the financing. Since being retained, PRAG has consistently assisted the State with the selection of financing team members to ensure an efficient and effective transaction as discussed below in our response to Question 4. Project Goals and Objectives.

Evaluation of Bond Structures: Our knowledge of the municipal bond market and our quantitative modeling capabilities are central to our effectiveness. By applying this knowledge, we fully evaluate all alternatives to develop the optimal structure in accordance with the State's goals and debt management policies, not the objectives of other parties to generate the largest fees. We would work with the State and its bond counsel to identify the need for the issuance of taxable bonds and if such bonds are issued together with tax-exempt bonds, we would structure the entire issue to get the lowest cost of borrowing within the legal and policy framework of the State. Our recommendations on structure encompass a variety of options, including maturity design and couponing, call provisions and the use of linear optimization techniques, if appropriate, to develop the optimal plan of finance. An example of our work with the State of West Virginia on an optimal plan of financing was the replacement of Dexia Letter of Credit with a private placement with Wells Fargo through a competitive process in which we eliminated basis risk and renewal risk for Parkways Authority and deemed termination analysis for related swap (Swap and Loan bear interest at a LIBOR-based index and the maturity of the loan is co-terminus with the swap).

Maturity Design: Principal amortization can have a significant impact on the financial operations of an issuer. Greater near-term debt service can mean overall interest cost savings, but also increased pressure to raise near-term revenues. Our capabilities have allowed the State to explore the full range of bond structuring options and to understand the future impact of these options. An example of our work with the State of West Virginia on maturity design was the PRAG analysis related to the maturity structure of the State School Building Authority Lottery Fund debt capacity model that has resulted in transactions with shorter terms compared to its original 2004 issuance in order to meet the State's goal of having consistent funding availability.

Couponing and Call Options: While the vast majority of municipal bonds are sold with an optional 10-year redemption at par provision, in the past we have also recommended other call features to our clients (e.g., shorter calls, call premiums or make-whole/non-callable bonds) when it has been economically beneficial to do so. The analysis to make this determination requires an understanding of municipal bond pricing conventions and of binomial option modeling techniques to accurately evaluate the net cost and benefit of these alternatives. Our analysis of call option value also assists in negotiated sales to ensure that issuers are compensated adequately for issuing lower-coupon callable bonds, on which the option value is greatly reduced. For example, PRAG conducted analysis related to the call features of the Tobacco Settlement Bonds (a taxable securitization issue) that balanced the goals of achieving maximum upfront proceeds while at the same time providing opportunities for the State to refinance the securities in the future.

Evaluation Capabilities: PRAG developed a sophisticated model that calculates the option value of tax-exempt bonds by assuming the issuer can sell a SIFMA-based swaption at the time of the issuance of the bonds. The swaption is then valued using a Black Scholes option pricing model with volatilities, LIBOR curves and SIFMA ratios from Bloomberg screens. The results of our call option model allow our clients, such as the State, to make informed decisions regarding use of premium, discount and non-callable bonds. We utilized this call option model and analytic approach for the states of Florida, Georgia, New Hampshire and New York, the City of New York and the New York City Transitional Finance Authority, among others.

Document Review and Comment: PRAG always takes an active role in carefully reviewing and commenting on all documents, and manages the process of document preparation and approval to ensure that financings stay on schedule. West Virginia attorneys frequently tell us that we give substantive insightful comments on documents. Although the ultimate responsibility for preparing and reviewing bond and disclosure documents falls on bond and disclosure counsel, we would provide a careful and experienced eye in the review process. An example of our work on document review includes the restructuring of the Lottery credit discussion presented in the various lottery official statement that has been used as a model for the State's Lottery and Excess Lottery official statements since that time. In addition, PRAG uncovered approximately $19 million surplus in the EAST Bonds Indenture while performing due diligence on a new bond issue.

Ratings/Credit Enhancement Process. PRAG often is at the forefront in developing its clients' ratings strategies. We have a thorough understanding of the rating agencies' rating criteria which we use to help structure bond issues – particularly first time credits. We can often anticipate the questions the rating analysts will have and try to incorporate this information into our clients bond structuring decisions. In terms of credit enhancement, we analyze the cost-effectiveness of credit-enhancement on fixed rate bonds during negotiated sales and we would advise on including the insurance option on the competitive sales.

Timing: With regard to bond sale timing, we provide the State market data and information on interest rates, market supply, the timing of the release of key indicators as well as other technical market information. PRAG has unlimited access to industry-standard research and pricing resources, such as Thomson Municipal Market (TM3), Bloomberg, The Bond Buyer and the Wall Street Journal to track and monitor the tax-exempt and taxable bond markets, the swap market, and the government securities market. The availability of these resources allows our professionals to provide the full breadth of service to our clients, particularly with regard to the timing of bond sales. We assist the State with the timing of bond issuances by using market data from these sources.

Refundings: In refundings, we always participate in review of reports prepared by verification agents. We check the refunded issues, amounts, dates, coupons, redemption provisions, escrow cash flows, escrow yield, refunding bond information, arbitrage yield and savings calculations. In both competitive and negotiated refundings, the numbers should be pre-verified, before the POS is posted. In competitive refundings, we run the refunding numbers. In negotiated refundings, we generally recommend that the senior underwriter run the primary numbers and we run shadow numbers in order to fully protect the issuer.

Choice of Competitive or Negotiated Sale. For a variety of reasons, issuers choose to issue bonds on a negotiated or a competitive basis. In general, PRAG has found that, all things being equal, a competitive sale provides issuers with the lowest cost of funds on fixed rate issues with strong credit ratings and a straight forward security structure, such as the State's general obligation bonds. A brief summary of our role in competitive and negotiated sales is shown to the right.

PRAG's Role in Bond Financings
Both Sale Types
❑ Make recommendations on bond structure, plan of finance, and market timing
❑ Develop financing schedule and allocate tasks and responsibilities
❑ Review and assist in preparation of documents
❑ Assist in rating and bond insurance process
❑ Prepare financing cash flows
❑ Assist in coordinating closing
Negotiated Sale Only
❑ Assist in underwriter selection process
❑ Advise on fee structure
❑ Advise on interest rates and takedowns
Competitive Sale Only
❑ Recommend sale parameters
❑ Prepare Notice of Sale
❑ Perform pre-sale marketing activities (contact trading desks; and arrange investor meetings)
❑ Coordinate competitive bidding process

Comprehensive Review of Pricing Data. PRAG recognizes that the fees, spreads, pricing levels, syndication rules, and even the bond issue structure itself, may be altered to impact the net compensation to underwriters. From our frequent participation as financial advisor in the municipal market, we have extensive experience working with underwriters in determining the appropriate levels for each of these characteristics in a negotiated sale. For negotiated sales, PRAG prepares detailed market analyses of fees, spreads and interest rates for other issues with similar terms and conditions priced close to the date of negotiation. In addition, PRAG examines any available timely secondary market trading data for blocks of significant size, as reported by the MSRB, for the State's bonds.

Real-Time Analysis During Pricing. During the actual pricing of the bonds, PRAG would use customized templates that interface with Parity electronic order entry data to provide real-time summaries of pricing data relationships, such as yield to call spreads to MMD, yield to maturity spreads to MMD, yield curve acceleration, basis point value of call options, and orders as a percentage of available bonds (retail, priority, and member). PRAG immediately distills this information which allows issuers to be better informed and able to negotiate more favorable pricing terms. We constantly monitor order flow, rather than passively wait for the underwriter to share select information. Having real-time access is only as good as the ability to interpret such data and PRAG utilizes such information to its fullest extent in order to best prepare issuers in advance of price negotiations with underwriters. Our approach is discussed in more detail below in our response to Question 4. Project Goals and Objectives.

Closing Transactions. PRAG regularly manages, as much or as little as our clients desire, of the transaction process on their behalf, and has a solid record of completing transactions. We frequently step forward to assist other financing team members with their responsibilities to ensure success. As an example, when the State of California's bond counsel expressed concerns that an issuance of unprecedented size would pose logistical challenges to the timely production of the voluminous amount of documents necessary for closing the transaction, PRAG volunteered to help generate the documents through software-automation, accelerating a process that previously required days of effort to only hours, making the transaction possible.

Post-Sale Analysis. After each negotiated issue, we will continue to provide the State with a summary of the sale which includes a narrative describing the results of the sale and market conditions, data on coupons, yields and takedowns, retail and institutional orders, an analysis of orders by category (i.e., net designated and member orders) and by underwriter, investor meetings, retentions, allotments and a comparison of yields to various indices and similar issues. PRAG has extensive experience in the development of post-sale evaluation processes for underwriting syndicates. We hope this analysis has been helpful to the State.

Provided below is a summary of the tax-exempt bond sale process. Provided in bold are the additional steps associated with bonds that use lease financings, asset-backed and taxable issuance and transactions that are credit enhanced.

Coordinating Transaction Team

- Prepare T&R schedule
- Schedule milestones
- Monitor progress
- Draft RFPs & questions
- Summarize proposals
- Provide unbiased analysis of financing ideas
- Develop guidelines for rating responses
- Participate at interviews

Structuring and Analysis

- Review debt programs
- Develop plan of finance
- **Lien and credit structure for lease financings and asset backed issues.**
- Tax-exempt, taxable or tax-credit
- Fixed vs. variable vs. swap
- Amortization structure
- Mode of financing

Document Preparation

- Outline of documents
- Share "best practices" in disclosure
- **Structure lease and asset back terms and conditions.**
- Work to prepare official statement and notice of sale
- Substantive comments
- Arrange for distribution
- Ensure timely delivery

Credit Ratings and Enhancements

- Define realistic goals
- Develop rating strategy
- **Review asset backed structure with agencies.**
- Prepare presentations
- Attend meetings
- Post-meeting follow-up
- **Conduct credit provider outreach and solicit bids**
- **Evaluate benefit of credit enhancement**

Pricing/Marketing (Negotiated Sale)

- Negotiate takedowns, expenses and syndicate rules simultaneously
- Pricing comparables
- **For taxable issues, monitor US Treasury and other taxable issues.**
- Secondary market trading
- Negotiate coupons, yields and redemption features
- Evaluate couponing and amortization strategy
- Monitor order flow via real-time Parity EOE
- Review bond allocations
- Bidding of investments

Pricing/Marketing (Competitive Sale)

- Develop bid parameters
- Outreach to potential investors to generate demand
- Survey potential bidders to generate interest
- **Solicit interest from taxable and underwriting desks.**
- Coordinate in pre-bid process (e.g., good faith deposits, pre-bid forms)
- Receive and verify competitive bids
- Restructure transaction

Pre-closing and Closing

- Procure investments
- Review documents, including detailed review of tax certificate
- Review / prepare closing wiring and settlement instructions
- Coordinate settlement
- Attend preclosing or closing, if needed

Post-Closing Evaluation

- Detailed bond-by-bond analysis of underwriting marketing performance
- Prepare comprehensive bond sale report
- Analysis of economics
- Post-sale compliance
- Continue monitoring transaction, including secondary market trading

Our experience with leased equipment financings, asset-backed financings such as tobacco bonds or rate reduction bonds, pension obligation bonds and private placements allow us to assess the costs and benefits of these structures and to advise the issuers on implementation of such forms of financings. For example, Baltimore County issued several series of Certificates of Participation ("COPs") based on our analysis which showed that at that time, COPs were more cost effective than lease equipment transactions.

Question 2. *Provide a summary chart of competitive, negotiated, or private placement of debt for which you played the senior financial advisory role in the past three years.*

Financial Advisory Issues in Past Three Years				
Number of Issues	**Par Amount ($)**	**Competitive**	**Negotiated**	**Private Placement**
157	29,876,275,000	✓		
247	72,215,796,229		✓	
11	791,570,000			✓
415	$102,883,641,229			

Question 3. *Describe any experience your firm has had with other forms of public debt besides General Obligation Bonds such as GARVEE Bonds, Pension Obligation Bonds, or Revenue Bonds. If none, please so state.*

We are familiar with all forms of public project financing and debt structuring including general obligation bonds, lease revenue bonds, special tax revenue bonds, lottery and gaming revenue bonds, certificates of participation, pension obligation bonds, tax and revenue anticipation notes, GARVEE Bonds, enterprise revenue bonds, special assessment revenue bonds, tax allocation bonds, taxable bonds, direct bank loans, variable rate bonds, commercial paper, refunding, lease equipment financings, asset-backed bonds and short-term financings. In fact PRAG is a leading financial advisor to issuers for revenue bond financings. Over the past three years we have acted as financial advisor to over 212 transactions with a par value in excess of $43.8 billion for revenue bonds. PRAG's experience with Lottery revenue bonds, a substantial source of State bond funded capital is discussed in our response to Question 4. Project Goals and Objectives (4.2).

PRAG assisted the State with three transactions totaling $200 million of GARVEE bonds which enabled acceleration of funding of essential transportation projects. The firm advised on all aspects of this financing program.

Grant Anticipation Revenue Bonds ("GARVEE") have been often used to accelerate capital programs that include a substantial amount of federal grant funding. PRAG takes a methodical, systematic and analytic approach to designing alternative plans of finance for transportation and other grant funding projects, which often includes building a financial capacity model which would assist the client to identify all potential funding and borrowing sources, to incorporation the fact that if the grants are used to leverage bonds, that that the grants used to pay debt service would not be available for future projects. PRAG has substantial transportation experience, including advising the states of Georgia, New Hampshire, the District of Columbia and Virginia in addition to the State on their GARVEE programs, which may be useful to the State. The following case studies illustrate the depth and breadth of our experience.

VDOT Virginia Department of Transportation

Virginia Department of Transportation: PRAG has served as financial advisor to the Virginia Department of Transportation ("VDOT") since 1995. We have successfully completed over $3.0 billion of financings for VDOT since that time, including financings and refundings for the Northern Virginia Transportation District Program, the U.S. Route 58 Corridor Development Program, and Route 28 Improvement District. We also advised VDOT on developing its GARVEE program and have advised on all aspects of the three series of bonds, totaling $1.15 billion that have been issued. In developing its GARVEE program, we analyzed the Commonwealth's historical and projected federal and highway reimbursements to determine, preliminarily, how much the Commonwealth could borrow under the GARVEE structure. During the legislative process, we were called upon to analyze different scenarios, mainly concerning the size, term and timing of the issuance of the bonds. The GARVEEs were rated Aa2/AA/AA without an explicit pledge of other Commonwealth funds. As part of the rating process, we prepared term sheets and had ongoing discussion with rating agencies. We assisted the Commonwealth in developing a structure that mitigates the reauthorization risk, including a (i) soft "back-up" pledge of the transportation trust fund and other legally available funds designated by the General Assembly, (ii) conservative additional bonds test of 3.0x of projected reimbursements and (iii) final maturity of 10 years.

Georgia State Road & Toll Authority: We advised on the State's transportation program, which includes GARVEE bonds and guarantee revenue obligation bonds backed by motor fuel taxes and some combination of transportation-related revenues such as fees for licenses, registration or titling. For the special guarantee revenue obligation bonds, we have assisted with drafting the Notice of Sale, reviewing disclosure documents, bond structuring and the competitive procurement of investment agreements for the Construction Fund. Our initial work on the GARVEE program involved assisting in the process of selection of underwriters, reviewing the security and structure of each issue, presenting the issue to the rating agencies and obtaining ratings, developing a marketing strategy, pricing and closing the bonds. We advised on the issuance of a bond anticipation note ("BAN") to provide interim financing for the program and assisted the State on a fixed rate GARVEE bond issue that was sold in 2002 to retire the BANs. In 2004, the Governor announced a six-year $15 billion bond program to improve roads and ease traffic congestion in the State. As part of this transportation program, the State plans to issue $3 billion of GARVEE bonds under a new program. We have worked closely with the State in determining an appropriate level of GARVEE bonds under the new program, focusing on potential credit ratings, length of the GARVEE debt, debt service coverage levels and impact on state debt ratios. In 2006, we assisted the State in developing a GARVEE program that combined direct and indirect GARVEEs, with the indirect GARVEEs comprising the State's 20% match. Additionally, we assisted the State in exploring the use of commercial paper with the GARVEEs, whereby the State would issue commercial paper, which would be retired with GARVEE bonds, to provide "just-in-time" financing while the construction program is being ramped up. This is the first and only GARVEE program to combine direct and indirect GARVEEs and combine fixed rate and variable rate debt. We have subsequently advised on two additional GARVEE issues, totaling $1.6 billion.

Pension Obligation Bonds ("POBs") PRAG has also assisted a variety of issuers considering the issuance of POBs. The potential benefits of POBs including: (1) achieving potential budgetary savings through risk arbitrage, (2) reshaping future cash flow requirements for payment of UAAL, and (3) providing short-term budgetary relief, which must carefully weighed against the investment-related and flexibility risks in assessing whether the issuance of POBs is appropriate. PRAG provided this type of analysis and has successfully managed POB transactions for clients that have chosen to issue POBs.

State of Connecticut - $2.3 Billion Taxable GO Pension Obligation Bonds: PRAG assisted the State of Connecticut with a $2.3 billion pension obligation bond (POB) financing. First, PRAG assisted the State with reviewing and preparing authorizing legislation enabling the POB financing. The POB legislation requires that the State of Connecticut fund 100 percent of its actuarially required contributions each year as long as the POB bonds are outstanding, so the State does not undermine the benefit of the POB financing by failing to contribute to the pension fund in the future. Next, PRAG professionals prepared presentations and participated in Legislative hearings describing the advantages and risks of the proposed POB financing. Connecticut is particularly interested in securing a POB borrowing cost that is sufficiently lower than the Connecticut pension fund's historic investment return to assure a profitable investment spread on the POB bond proceeds invested in the pension fund. PRAG helped to develop the underwriter request for proposal process and prepared summaries of the responses which were then used by the evaluation committee in connection with their selection process.

PRAG helped to develop cash flows for the Treasurer's Office and Governor's Office. We participated in meetings of the State Bond Commission, which gave final approval to proceed with the financing in early 2008. PRAG also assisted the State in developing the financing structure, which included looking at the State's existing general obligation bond portfolio and additional general obligation bonds expected to be issued in the future, so that the general obligation POB bond repayments could be best fit within the State's debt service profile and expected tax receipts. Many structuring options were reviewed including variable rate debt, LIBOR notes, stepped-coupon bonds, swaps and capital appreciation bonds (CAB), but given taxable market volatility that existed at the time of pricing, the State issued fixed rate current interest and CAB general obligation POBs without credit enhancement. The bonds were marketed in the United States and Europe based on the State's Aa3/AA/AA ratings which would have the lowest capital charge for investors. PRAG assisted the State on obtaining and using a global scale Aaa rating in order to reduce the cost of capital.

The State held a European investor internet road show and physical investor meetings in Boston, Hartford and New York City for bonds priced in April 2008 using a large syndicate. PRAG assisted the State with its preparation of the investor and rating presentations and assisted the State with pricing, by providing comparables and market data. PRAG participated in person at the CT POB pricing which was complicated by pending problems at Bear Stearns, the lead manager on the financing. JP Morgan was added to syndicate just before pricing due to their planned purchase of a nearly bankrupt Bear Stearns. Working with both the Bear and JP Morgan desks, PRAG assisted the State successfully price the $2.3 billion POB financing. The CT POB was oversubscribed in certain maturities and enjoyed almost $1 billion of orders from institutions in the European Union. The final taxable true interest cost was 5.88% which compares favorably with the Connecticut Pension Fund's long term return of approximately 9 percent. The financing closed on April 30, 2008 and the State pension fund manager placed the money into the pension fund's liquidity pool pending investment in equities. The Stock market fell dramatically later in 2008. Fortunately, the pension fund bond proceeds were still in short term liquid investments when the stock market corrected preventing the State from losses on bond proceeds. In late 2008 and 2009, after the market correction, the State invested the POB proceeds enjoying returns well above the 5.88% borrowing cost when the equities market recovered in late 2009 and 2010. To date, the CT POB has been a highly beneficial transaction with the State earning more than 400 basis points above its borrowing costs on the funds.

Asset Backed Financings: Our firm has been at the forefront of the municipal asset-backed finance market. We served as financial advisor on the State's landmark $991 million tobacco bond sale (largest taxable tobacco bond at that time) resulting in savings to taxpayers of $2.5 billion and significantly improving the funding level of the Teachers' Retirement System. This financing enabled the State to amortize its unfunded debt on the TRS on a level, annual, affordable basis. This allowed for the transfer of teachers from defined contribution plan back into defined benefit plan while actually reducing the overall annual funding cost to the state for such transferees.

We served as financial advisor to some of the other largest municipal asset- backed programs to date such as the State of California's program to securitize the State's share of revenue from tobacco settlements and New York City Transitional Finance Authority's program securitizing personal income tax payments. In addition to the State of West Virginia, we also assisted the states of South Carolina, Virginia and New York City TSASC, the District of Columbia and Monroe County MTASC with their tobacco securitization financings. We were financial advisor on the California Infrastructure and Economic Development Bank's $6.0 billion program securitizing special ratepayer fees mandated by the California Public Utilities Commission to finance the stranded costs of California investor owned utilities. We advised the states of Connecticut and New Hampshire on over $2.0 billion of rate reduction bonds. We are also currently advising the West Virginia Public Service Commission on the proposed securitization of Rate Relief Costs for the Appalachian Power Company and PRAG was recently hired by Ohio Public Utility Commission to assist the Commission the proposed issuance of Ohio Power Company's Senior Secured Phase-In Recovery Securitization. This is a record unmatched by any other financial advisory firm and consequently we have thorough knowledge of rating agency requirements relating legal documents and opinions, as well as stress tests for proposed financing structures -- knowledge that can be cost effective and beneficial to a client.

Question 4. *Describe the depth of your firm's analytical capabilities: personnel assigned to modeling and other quantitative analyses, use of unique proprietary and other financial models, ability to analyze and verify time sensitive and complex bids and other proposed financings, etc.*

PRAG believes that finance is ultimately dependent on numbers and that an in-depth understanding of quantitative modeling and analysis is integral to achieving optimal financial results. PRAG regularly designs and develops financial models for purposes ranging from broad perspective planning (e.g., long-term capital planning) to the narrow focus at the transaction and even the sub-transaction levels (e.g., bond financing cash flows and risk analysis for the investment options for bond proceeds). Taking a comprehensive approach, our long-term capital planning models encompass all aspects of our clients' financial operations and can be formulated to provide recommendations on important decision points, including revenue versus debt financing, the timing of bond versus commercial paper issuances, the structure of long-term bonds, revenue requirements and financial operating ratios, among other factors. In addition to modeling for long-term planning and for transactional cash flows, PRAG applies its expertise to analyze financing options and identify market opportunities. We have developed models to analyze and calculate call options, hedging efficiency, relative pricing between couponing options, arbitrage opportunities, escrow optimizations, and swap valuations, among other municipal financial problems. PRAG will provide the expertise and personnel to analyze and verify proposed financings and/or bids quickly and efficiently as requested by the State.

Our firm personnel have strong backgrounds in both quantitative modeling and technical analysis. A very important service our firm will continue to provide the State is the ability to mathematically determine the lowest cost of borrowing using an assortment of financial instruments. PRAG has constructed linear optimization models for a number of our clients, and we will do the same for the State. These models utilize advanced mathematical techniques to determine the optimal solutions to complex financing structures. Our proprietary model is customized for each client and is flexible in evaluating different products and costs. PRAG's linear optimization model could be used by the State in deciding the optimal mix and placement of credit enhancement, fixed rate bonds, capital appreciation bonds, synthetic fixed rate bonds, and any other products that may be considered for a particular bonding program. The model provides the optimal solution of minimizing debt service in targeted years, maximizing or minimizing the final maturity, minimizing the present value of total debt service, and minimizing or maximizing other structural constraints.

PRAG provides its clients with every kind of analysis needed to make proper financial decisions. In many instances, we develop customized computer programs using high-level languages for specific engagements. We have found the ability to design client-specific software extremely valuable and cost-effective. In addition to project-specific software, PRAG's software base currently includes programs and modules in the following areas:

Advance Refunding	Forward Delivery Analysis
Sinking Fund Development	Investment Optimization
Escrow Structuring & Restructuring	TIC/NIC/Spread Analysis
Call Option Pricing	Bid Optimization
Debt Structuring	Leveraged Lease Analysis
Flow of Funds Analysis	Tipping Fee Structuring
Project Finance	Derivative Products Pricing and Analysis
Cash Flow Analysis	Leasing
Debt/Equity Analysis	Asset-backed Products
Option Pricing Analysis	Rebate Analysis/Requirements

For each analytic tool, our firm has the capability to add an optimization module that allows us to advise clients on the structure to optimize a set of stated goals. For example, in structuring a bond issue under specific state law structuring constraints, our optimization module can solve for a structure, which meets state law constraints and provides the lowest debt service for a specific period of time. Another example of the use of our optimization module is the development of senior/mezzanine/junior financing structures that solve for the largest and least possible borrowing amount given differing coverage factors on each level of financing. We are dedicated to the use of optimization techniques, in conjunction with standard modeling practices, in order to assure clients that the structures that are ultimately implemented meet their goals in an optimal manner.

PRAG has a proven track record of success in applying our quantitative and analytical capabilities. The best representation of our technical and quantitative abilities is our past performance. Below are some examples of how we applied our analytical capabilities on State of West Virginia projects over the course of our engagement:

- ✓ *SBA Multi-Year Capital Funding Model:* PRAG assisted the West Virginia School Building Authority (the "SBA") develop and implement a comprehensive plan of finance to permit an ongoing borrowing program to provide annual funding for the construction and maintenance of secondary schools throughout the State. Prior to the creation of the multi-year planning model developed by PRAG, the SBA had been funding school construction with ten year bond issues and on a pay-as-you go basis. Working with SBA staff, our firm assisted in the development of a model and presented to the SBA and DOA a series of financing alternatives to meet its policy goals and funding needs. Based on our analyses, we presented a financing plan that leveraged the two fixed revenue streams to permit the SBA to optimize its funding needs by borrowing approximately every three years combined with available general fund appropriations. PRAG updates this model on a regular basis.
- ✓ *West Virginia Parkways Swap Analysis:* We assisted the West Virginia Parkways in connection with $59.1 million of FGIC-insured VRDBs which were trading very poorly, due to the successive downgrades of FGIC. The integrated interest rate swap had provisions that exacerbated the Parkway's problem as the poor trading resulted in an Alternative Floating Rate Event occurring under the swap. PRAG was engaged to assess the alternatives, which included replacing the credit enhancement, replacing the liquidity, or replacing both. After extensive analysis, it was determined to avoid the other potential mono-line insurers, and to market the bonds based upon the underlying rating of the Parkways Authority ("AA-"), with a new liquidity facility. PRAG assisted with what amounted to a current refunding of the mono-line insured VRDBs with uninsured VRDBs using the Parkways underlying AA- credit and with the deemed termination calculations under the swap. The swap was maintained, notwithstanding the removal of what once was a triple-A rated Credit Support Provider under the ISDA documents. This helped the State avoid a large swap termination payment and the bonds are now trading much better than they had been.
- ✓ *Workers Compensation Model:* PRAG was asked to assist the State with a long-standing economic problem caused by one of the State's most persistent unfunded liabilities. The state-run, exclusive, workers' compensation system had unfunded liabilities totaling in excess of $3.8 billion (on a present value basis). The State desired to defease its obligations on existing workers' compensation claims and capitalize a new, employers' mutual insurance company to take over future workers' compensation obligations as a first step towards opening up a competitive market. PRAG put together a team that included a nationally recognized workers' compensation life actuary and claim experts to provide the unique blend of services required by the State of West Virginia. The PRAG team was able to build a model that aided in creation of a tax package that was pledged to defease the prior obligations along with other available sources.

The liabilities were then analyzed from a life actuary perspective, which was incorporated into the model giving the State a comprehensive set of tools with which to close up the old pool of liabilities and capitalize the new employers' mutual insurance company. The Governor had obtained the authorization to incur up to $1.5 billion in debt in order to fund the old workers' compensation liabilities but in reliance on our analysis and the model that was created for the State, the State determined not to issue any debt. The engagement is continuing at this time and includes initiatives to further reduce costs and risks associated with the existing claims, improve benefits delivery, improve claims reporting, improve health care management, and leverage the reserves that were set up in connection with the defeasance.

✓ *West Virginia Parkways Efficiency Report:* PRAG conducted an independent financial review and analysis of the Parkway to assist the Governor, State Legislature, Parkways, public and other stakeholders in the evaluation of the need for future proposed toll increases and the relationship of toll increases to maintaining the Turnpike in a manner that provides a safe facility and an acceptable level of service. PRAG reviewed the Parkways': (i) current financial practices, financial results and operations and capital budgeting practices; (ii) debt structure; (iii) legal constraints; (iv) past and projected revenues and expenditures; and (v) identified capital needs. The firm worked with the Parkways' consulting engineer, traffic and revenue consultants, Parkways staff, State elected officials and staff, and other stakeholder to gather information and present finding and recommendations.

4. Project Goals and Objectives

PRAG has served as the State of West Virginia's financial advisor since 2005 and over the course of our tenure with the State we have worked on numerous bonds issuances of varying size, structure and security and special projects that have run the gamut which allowed us the opportunity to work with State administrators, State agencies such as the School Building Authority, Higher Education Policy Commission, Water Development Authority, Economic Development Authority, Lottery Commission, Workers Compensation Commission, Department of Transportation, Tobacco Board, and Finance Committees and State Board of Investment and the State Treasurer's office. Over the years we have come to understand the State processes and have used such experience to coordinate and bring multiple projects to a successful completion. No other financial advisory firm has such first-hand experience and depth of knowledge of the State's complex debt portfolio. We are familiar with the debt issuance approval process of agencies, board and commissions throughout the State seeking a directive from the Governor. Over the years we have thoroughly reviewed debt financing proposals, analyzing the structure of the transactions, running independent numbers and working on details with the proposed issuer prior to the final proposal reaching the Governor's desk. We are proud of the level of service we provided to the State in the time since we were hired as the State's first independent financial advisor. The State has always been a client we are proud to have, and we would be honored to continue to provide financial advisory services.

PRAG as a firm and the proposed project team specifically have the comprehensive set of skills, experience and expertise to successfully undertake the scope of services presented in the Project Goals and Objectives section of the State's request for proposals. These skills include monitoring the market relative to a client's database for refunding opportunities, tracking secondary trading levels for both fixed and variable rate debt, providing updates on general market trends and developments, monitoring levels of debt ratios required by bond covenants or debt policies, providing updates on ratings for both client-specific and sector-wide developments, and monitoring investments and investment agreements and arbitrage rebate analyses. We also evaluate the effects of proposed legislation, regulations or other requirements, analyze proposals from underwriters and provide briefings to staff and legislators as required or requested.

4.1 Advise the State on general market conditions and outlook for financings, including: the issuance of bonds and other financing instruments, marketability, refunding opportunities, debt affordability, budgeting of debt service, and investor preferences;

PRAG analyzes the market conditions prior to, during, and subsequent to each bond sale: The firm will summarize the expected reception of the bonds in the market and evaluate performance relative to the market and other securities of similar credit: As a result of our extensive experience in bond sales and frequent participation in the market, PRAG is involved in the tax-exempt markets on an ongoing basis and we can obtain information on market conditions and pricing opinions from a wide variety of participants and sources such as Thomson Municipal Market Monitor (TM3), Bloomberg, PreBon Tullett, and all historical rating reports of Moody's Investors Service, Standard & Poor's and Fitch Ratings.

PRAG would continue to review the State's debt management practices, outstanding debt structure and financial resources to determine its available borrowing capacity and any desirability of a refinancing, using our debt financing software and in-house created models. If a refinancing is pursued, our role would include management of all aspects of the transaction – from initial review through the completion. The first step, developing a database of the State's debt, is complete. As the State's financial advisor, we would continue to review the database regularly to identify potential refunding opportunities.

As Financial Advisor, we assist and make recommendations on all aspects of financings (whether new money or refundings), including: type of debt or other financing instrument to issued, document preparation, method of sale, selection of financing team, timing of sale, economic considerations, market conditions, maturity structures, interest rates, redemption provisions, debt service requirements, evaluation of bond pricing, evaluation of underwriter performance, and any post-sale services as may be reasonably requested. Given our in-depth understanding of economic and market conditions and our active involvement in the municipal market, PRAG is able to interpret the most important market trends and can assist the State in managing issue size, timing, structuring and choosing the optimal structure based on investor preferences and specific issue requirements. We have extensive experience in debt structuring, including maturity design, document preparation, couponing, call option and escrow structuring, and possess a high level of analytical capabilities, thereby enabling us to successfully develop and implement various financing programs.

Our knowledge of the municipal bond market and our quantitative modeling capabilities are central to our effectiveness. By applying this knowledge, we can fully evaluate all alternatives to develop the optimal structure in accordance with the State's goals, not the objectives of other parties to generate the largest fees. Our recommendations on structure encompass a variety of options, including size, maturity design, couponing and call provisions and the use of linear optimization techniques, if appropriate, to develop an optimal plan of finance.

PRAG understands the State's financial practices, operations and capital budgeting practices. It is our practice for all our clients to prepare outstanding debt service schedules for both new money and refunding issuances and any other schedules as requested by our clients and would do so for the State. Our schedules provide our clients with calculations of principal, interest, debt service on a semi-annual and fiscal year basis, sources and uses the true interest cost, arbitrage yield and tax calculations such as the Form 8038, among other schedules. In the case of refunding issuances, we also include debt service schedules that show gross savings on present value and annual basis, prior debt service, summary of the bonds refunded, escrow costs, escrow sufficiency, among others. PRAG has the ability to customize any debt service schedule to fit the State's needs.

4.2 Advise the State on alternative mechanisms to finance projects, such as the use of public-private partnerships and securitization of revenue streams;

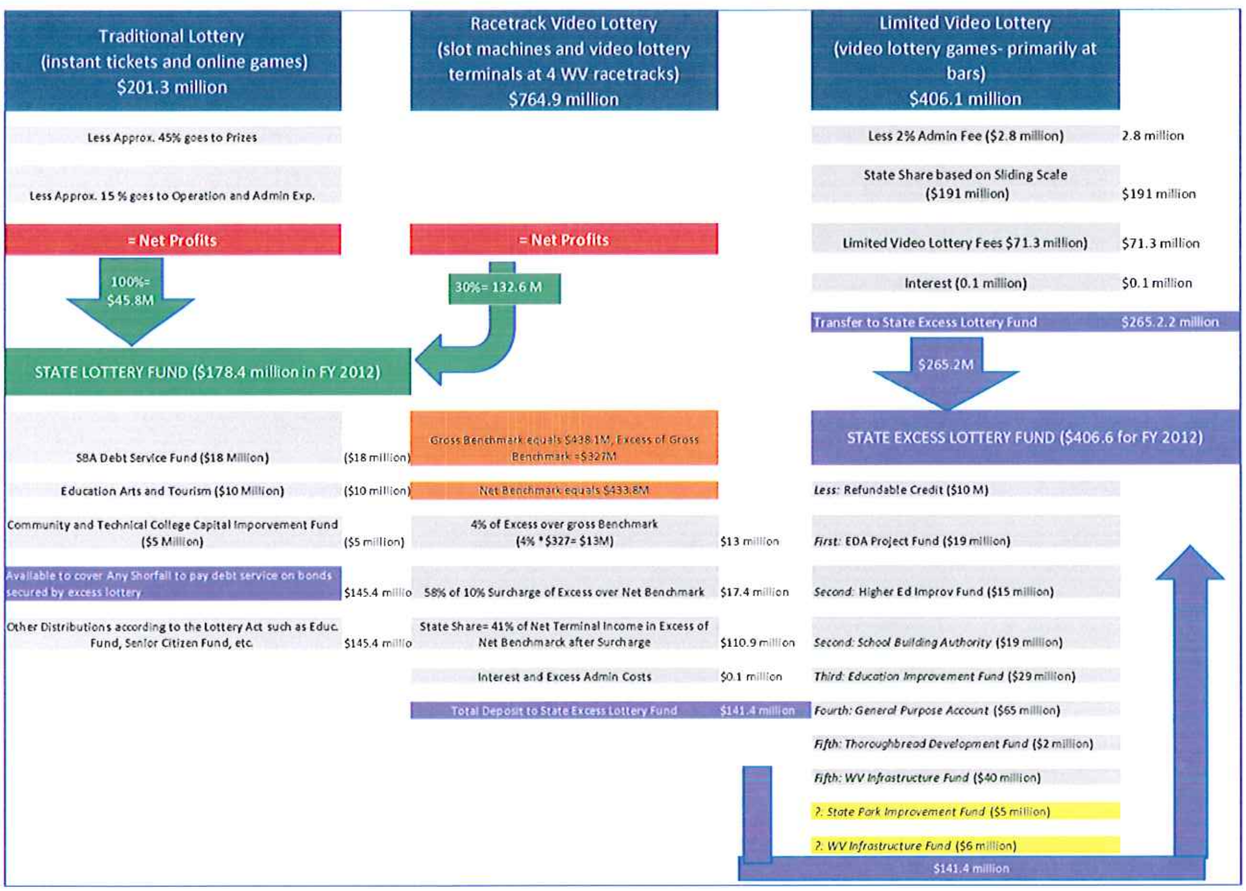
Lottery Revenue Bonds

Since the Winkler case in West Virginia leveraging the State of West Virginia's lottery revenues has become a substantial financing source for capital projects within the State. Up to this point this has been a growing revenue stream and has allowed for the financing of many capital projects that have bettered the lives of West Virginians in terms of school construction projects, higher education projects and parks and recreation projects. However, as the State is well aware, the stability and ability for future leveraging of this revenue stream is being threatened due to the increased out-of-state competition and online lottery competition. Having worked most recently on the ***$24.425 million West Virginia School Building Authority, Lottery Capital Improvement Revenue Bonds, Series 2013A*** and currently working on the ***State of West Virginia Economic Development Bonds, Cacapon Projects, 2013A (Excess Lottery Bonds)*** PRAG is very familiar with the State's Lottery and Excess Lottery financing programs. We understand the unique flow of funds, rate covenants, additional bonds test and maybe most importantly we understand the credit issues related to the program. We have relationships with each the State's rating analysts Lisa Heller at Moody's and John Sugden at Standard and Poor's and Karen Krop and now Marcy Block at Fitch. These analysts call us regularly both during the bond issuance process as well as during their annual surveillance to ask questions regarding the nuances of the State's lottery program. We have established a rapport with the analysts and have encouraged open dialogue.

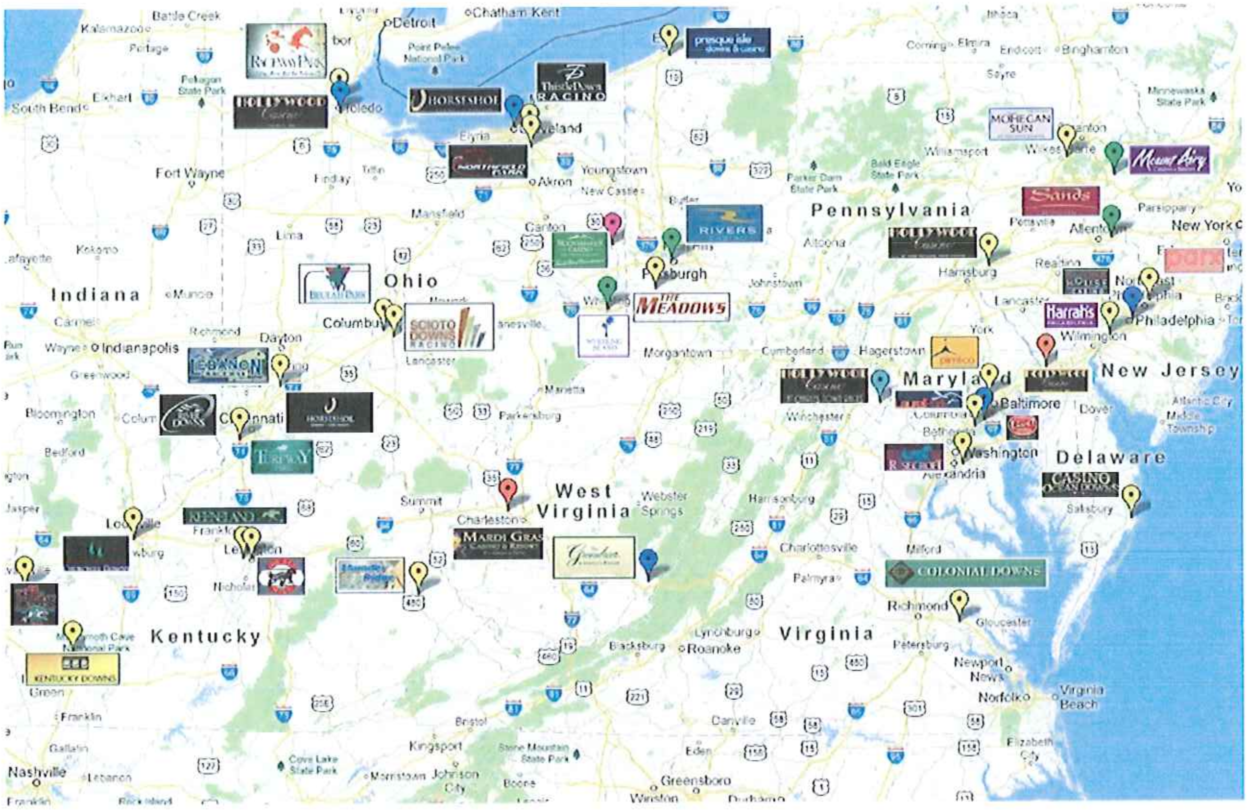
An example of our understanding of the needs of the State is demonstrated with our work with Lisa Heller who became Moody's primary analyst cover State revenue bond issues in 2011. Since that time proposed

Project Managers Tom Huestis and Christine Fay have spent a significant amount of time helping Lisa understand the State's outstanding lottery bond issues and the credit: walking Lisa through each of issuers (HEPC, SBA and EDA) that issue Lottery and/or Excess Lottery Bonds, describing the unique legal structure for each program, helping Lisa to reorganize Moody's debt database to ensure the outstanding bonds were correctly categorized according to issuer and lien. In September of 2012, Ms. Heller called PRAG to let us know that Moody's was conducting a formal surveillance review of the lottery credit. Mr. Huestis managed the information flow and organized a conference call with State and lottery personnel, providing information to the State on the topics and initial concerns expressed by the analysts. The call was successful and Moody's maintained their outstanding ratings on the Lottery and Excess Lottery bonds. The open dialogue and transparency with both S&P and Moody's has helped the State to maintain their Lottery/Excess Lottery ratings despite the competition and uncertainty regarding future lottery revenues.

PRAG has a thorough understanding of the lottery credit and the flow of lottery funds. The Lottery Bonds receive the first 30% of racetrack video lottery dollars and the net profits of traditional lottery (instant and online games). The Excess Lottery Bonds receive limited video lottery revenues and a portion of the racetrack video lottery funds once the benchmark is reached. The flow of funds of the State's lottery program is extremely complex. It requires a comprehensive understanding of the programs and the numbers in order to articulate the credit strengths and mitigate factors of the credit challenges to the rating agencies. We prepared the graphic below to summarize the complex flow of funds with the FY 2012 revenues and transfers.



We understand that the rating agencies are concerned about out-of-state competition but we also understand the protections and backstops inherent in the flow of funds of the programs. For example the new racetrack casinos in Ohio, Pennsylvania and Maryland will certainly impact the revenues generated at the Wheeling, Mountaineer and Charles Town casinos, see proximity of competition in the map that follows.



However rather than focusing on the potential loss of racetrack lottery funds we have emphasized the stability of the traditional lottery for the Lottery Bonds and the limited lottery for Excess Lottery Bonds, both of which generate enough revenue to pay the debt service on the existing bonds in each respective program as demonstrated below. For example, the aggregate debt service coverage for the Lottery bonds (SBA, New East Lottery Bonds and CTC bonds) was 5.4x pledged revenues in FY 2012, but even if racetrack lottery revenue went to zero, the coverage would be ~1.4x. Likewise, if racetrack lottery revenue went to zero the aggregate debt service coverage for the Excess Lottery bonds (EDA. HEPC, SBA and the authorized Park and Chesapeake bonds) would decline to 4.1x from its existing FY 2012 coverage level of 6.7x (assumed debt service for the authorized bonds).

The State lottery and encroaching competition is still a hot topic, as it should be, for the rating agencies, legislature and State executives. We are sensitive to this and agree with the State's current stance on not authorizing additional securitizations of lottery revenues.

We also believe that it is pertinent that future bond issuances are structured with the same provisions and protections of the existing bonds. For example the monthly debt service transfers and the backstop of the lottery revenues flowing over to the excess lottery bonds are strengths of the flow-of-funds that we have emphasized to the rating agencies and one of the reasons that the Excess Lottery Bonds carry the same rating as the Lottery Bonds. There is currently a question outstanding on if the legislation for the new Cacapon, Beech Fork and Chesapeake Bay and Greenbrier River Bonds allow for these credit positive provisions. In order to maintain the exiting Excess Lottery ratings on these authorized but unissued bonds, we believe it is of the utmost importance to modify the legislation accordingly. We have reviewed draft legislation in the past and would do so in this case to ensure that legislation is drafted in a way to garnish the highest possible rating on these bonds.

After the completion of the last SBA Lottery financing, PRAG initiated a call with John Sugden, to gauge the view of the rating commitment on the lottery credit. Due in part to our long relationship with John and working with him on other States' credits, the discussion was forthright and frank. Based on this discussion and work with the other lottery credit rating analysts, we developed some ideas for the State's consideration with respect to future policies and practices related to the lottery program designed to maintain the existing ratings at the highest possible level. Many of our recommendations below are designed to alleviate these concerns and help to maintain the State's Lottery ratings. As the State's financial advisor we are committed to working with it and the Lottery Commission to continue to carry out this rating strategy as outlined below.

- Consider providing longer-term projections given narrowing debt service coverages.
- Consider retaining an outside revenue projection firm to do projections or a portion of the projections.
- Attempt to provide more detail on how specific of competition is impacting various portion of the lottery revenue stream.
- Provide real-time revenue updates as new competitive facilities come online
- Review prior year expectations versus actual (instead of just original budget projections)
- Provide quarterly revenue updates in a format that shows effect on bond coverages.
- Participation from Governor's office during rating meeting to communicate:
  - Governor's/Administration's position on new games and supporting the Lottery and Excess Funds.
  - Governor's/Administration's position on new lottery debt
- Presentation from Lottery and/or Administration about strategy (change in law, business adjustments) the State is pursuing to protect lottery revenue
- Coverage scenarios created and stress test shown for the worst case scenario.
- Consider shortening term of debt until effects of competition become clear.
- Consider the trade-offs of delaying certain new money bonds.

No firm is more qualified to advise the State on credit matters, discuss the credit strengths of the program with the analysts, do stress testing on the revenues and debt service coverage and strategically plan for future debt issuances.

Public Private Partnerships

PRAG has significant experience providing financial advisory services to the public sector for all aspects of public-private partnership ("PPP") projects. These services include feasibility analyses, development of models and sensitivity testing of economic assumptions for several public-private projects, including Pocahontas Parkway, a Monorail system in Las Vegas, expansion projects at airports, resource recovery projects, commercial housing and economic development projects for the New Jersey Casino Reinvestment Development Authority and a proposed minor league sports stadium in Rochester, NY. PRAG has advised the Virginia Department of Transportation ("VDOT") on several projects utilizing the PPTA structure and has analyzed the risks and financial feasibility of a number public-private partnership projects related to transportation, resource recovery, housing and economic development, airports, correctional facilities and sports stadiums. PRAG has extensive experience in developing alternative financing structures for public-private issuers.

Selected PRAG PPP Clients/Projects

- Georgia Department of Transportation
- Oregon Department of Transportation
- Virginia Department of Transportation
- Las Vegas Monorail System (NV)
- District of Columbia Department of Transportation
- Transportation Corridor Agencies of Orange County
- City of Atlanta Water System (GA)
- Broward County Resource Recovery Project (FL)
- Connecticut Resources Recovery Authority
- Monmouth County Solid Waste Project (NJ)
- New York Mets Baseball Stadium (NY)
- Northeast Maryland Waste Disposal Authority
- Stonewall Jackson Lake State Park (WV)

Any PPP project should represent added value from private participation, whether to relieve the government from continuing a function no longer considered part of its core responsibilities or through a decision that indicates that higher efficiencies will be achieved. The project may involve a trade-off between the loss of future cash flow and the gaining of a lump sum payment. Among the largest concerns are the terms of concession agreements. Very generous concessionaire compensation requirements, termination payments or indemnities for example could be detrimental to the State. If outstanding debt must be defeased, there should be a transparent plan that outlines the amount of debt involved and the process by which those bonds will be purchased.

Rating agencies should be involved in PPP projects and it is paramount that the state's general credit standard is maintained. Open and frequent communication with the agencies is necessary, including a dialogue about why the State decides to pursue a given transaction, the potential transaction itself and the specific terms of the concession agreement. Perception of the transaction as a one-time aid for financial stress could be harmful to the State's credit ratings.

Stonewall Jackson Lake State Park (WV)
The operator/developer of the Stonewall Jackson Lake State Park requested that the State budget and appropriate an additional $2 million subsidy for the project. The Office of the Governor specifically requested PRAG analyze the long-term financial projections for Project, and the credit implications and other effects of the requested cash contribution might have as well as reviewing possible debt restructuring options and various options for the infusion of State equity.

The Governor was concerned that a failure of the State to provide this additional money could adversely impact the State's credit rating, the resort's operations and would only lead to further requests without addressing the underlying problems.

PRAG concluded that:

- The project was overleveraged and without a significant reduction in the debt, the project would suffer significant additional operating deficits and would be unable to pay in full debt service requirements on the Bonds for the foreseeable future. Agreeing to make an additional contribution did not address the projected revenue and expense imbalance.
- Based on extensive discussions with the rating agencies, failure to subsidize the project was not expected to adversely impact the State's credit ratings because the security for the bondholders was solely from Resort net revenues, with no recourse to the State.

The Governor and the Legislative leader agreed to follow PRAG's recommendation and not contribute additional funds to the Project. The State has saved millions of dollars by following this advice given that no additional state funds have been provided to the project.

4.3 Advise the State on rating agency matters and strategies for rating agency meetings, including: preparing material for rating agency visits or calls, or meetings; identifying identity and background of rating agency personnel and a synopsis of their likely concerns and questions; preparing the State participants, including providing outlines of talking points to be made by each State presenter;

As a result of representing many different clients before the rating agencies over a number of years, we have developed an understanding of the credit rating agency process, which we do not believe is present in any other financial advisory firm. This expertise was enhanced by the addition of Claire Cohen, who was formerly Vice Chairman at Fitch Ratings and head of municipal ratings, to the firm as Senior Counselor on credit matters. Her state credit experience complements the expertise of William W. Cobbs, Chairman, who has provided credit advice to a wide variety of issuers and developed an approach to the rating agencies to help secure the issuer's highest possible ratings. No advisory firm, independent or otherwise, can offer the credit expertise and experience that PRAG has.

The State of West Virginia has a complex Net Tax Supported Debt portfolio which includes General Obligation Bonds, Lottery and Excess Lottery Bonds, and certain Lease Revenue Bonds. The State's respective ratings for the Net Tax Supported Debt and GARVEE Bonds and Moral Obligation Revenue Bonds are summarized in the table below.

	Moody's Investor Service	**Standard & Poor's**	**Fitch Ratings**
General Obligation Bonds	Aa1	AA	AA+
Lottery Fund Revenue Bonds(1)	A1	AAA	A+
Excess Lottery Revenue Bonds (1)	A1	AAA	A+
Lease Revenue/Appropriation Bonds	Aa2	AA-	AA
GARVEEs Special Obligation Notes	Aa2	AA	NR
Moral Obligation Revenue Bonds(2)	Aa3	NR	AA-

(1) Does not include HEPC bonds partially secured by lottery revenues. Some Lottery and Excess Lottery Bonds were not sold with all three ratings.

(2) Ratings relate to Water Development Bonds sold in 2012 based on the State's reserve fund make-up provisions (moral obligation pledge).

Each credit comes with unique strengths and challenges and requires a tailored rating strategy. PRAG has worked with the Governor's Office, Department of Administration, Department of Revenue, Department of Highways and State authorities and agencies in addition to other members of the State's working group to develop customized rating strategies for each of its credits. Most recently PRAG has been involved with bolstering the analysts' confidence with the State's Lottery and Excess Lottery credits given the increased out-of-state competition. Please see our response to question 4.2 above for additional information on PRAG's understanding of the State's Lottery credit. We are familiar with all of the State's general government credit. As previously stated, we have established relationships with each of the State's rating analysts and are familiar with their approach and concerns. *Lisa Heller* at Moody's started covering the State is 2011, taking over from Kimberly Lyons. *Marcy Block* from Fitch started to be the primary Fitch analyst covering the State in the fall of 2012 taking over from Karen Krop. *John Sugden*, the primary analyst from Standard & Poor's, has been covering the State since PRAG started work with the State, either as primary or secondary analyst. These analysts call us regularly both during a bond issuance as well as during their annual surveillance to ask questions regarding the fine distinctions of the State's debt programs. We have established a rapport with the analysts and have encouraged open dialogue.

Since 2005, when we started as the State's financial advisor, improving the State's credit ratings was one of our primary objectives. At the time the State was rated Aa3/AA-/AA-by Moody's, Standard and Poor's and Fitch respectively.

William Cobbs and Claire Cohen spearheaded this effort by formulating an overall rating strategy for the State with the ***"promise and performance scorecard"*** to achieve rating upgrades as the ultimate goal. They emphasized presenting the State's financial position in the best light; stressing the State's conservative and prudent financial and debt management practices, increasing reserves, diversifying economy and reducing unfunded liabilities.

PRAG worked hand in hand with the State on projects specifically targeted at reducing the State's liabilities. Consistent with our advice and overall rating strategy, the State has taken significant steps to reduce these liabilities through the years, with the most notable actions summarized below:

- 2005-2006 $1.56 billion, including $808 million from a Tobacco securitization was deposited to the Pension systems to reduce unfunded liabilities.
- 2006 dedicate $230-245 million annually from personal income and severance taxes towards bringing down the worker's compensation liability
- 2012 State dedicated $35 million annually to paying down the OPEB liability

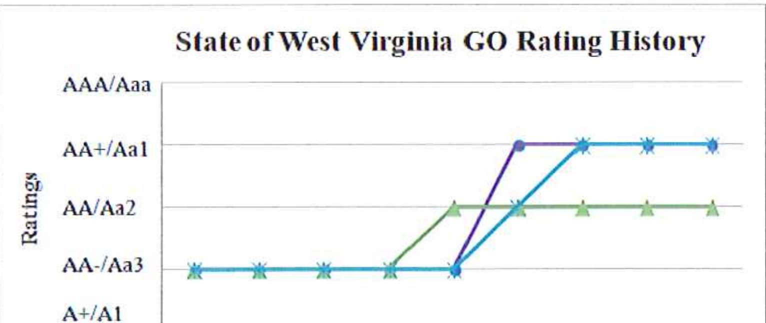
The analysts have taken note of the State's commitment to reducing its liabilities as demonstrated by the following quotes.

In the Fitch report for the State's most recent upgrade dated July 8, 2011, Karen Krop as the primary analyst reports ***"the funded ratio of the Teachers' Retirement System, which is fully paid by the State, has increased from less than 20% in 2002 to 46.5% in 2010. The State has taken similarly aggressive approach to revamping its workers' compensation system, shifting from a state-run commission to a privatized mutual insurance system and in the process, reducing the unfunded liability from $3.9 billion to $1 billion."***

Lisa Heller from Moody's in a report titled *West Virginia Legislation Reduces State's Unfunded Post-Employment Benefits Liability, a Credit Positive* concludes the report with ***"The latest legislation is another demonstration of the State's commitment to reducing off-balance sheet liabilities."***

John Sugden from Standard and Poor's in a rating report dated September 1, 2011, cites the following credit strength of the State ***"Demonstrated willingness and ability to tackle large- scale financial challenges, as evidenced by the recent progress made in addressing West Virginia's unfunded pension liability and other postemployment benefits."***

The State's commitment to this rating strategy ***resulted in credit rating upgrades by Moody's to "Aa1" in 2010, by Standard & Poor's to "AA" in 2009 and by Fitch to "AA+" in 2011***, the ***first upgrades of the State by Moody's since 1999 and by Standard & Poor's and Fitch since 1996.*** These upgrades are even more impressive since they came at a time when many of the State's peers were suffering from the impacts of the Great Recession and nearing or receiving downgrades themselves. The chart below summarizes the history of the State's General Obligation ratings since the time we started as the State's Financial Advisor in 2005. We are proud of the vertical trend of the State's ratings.



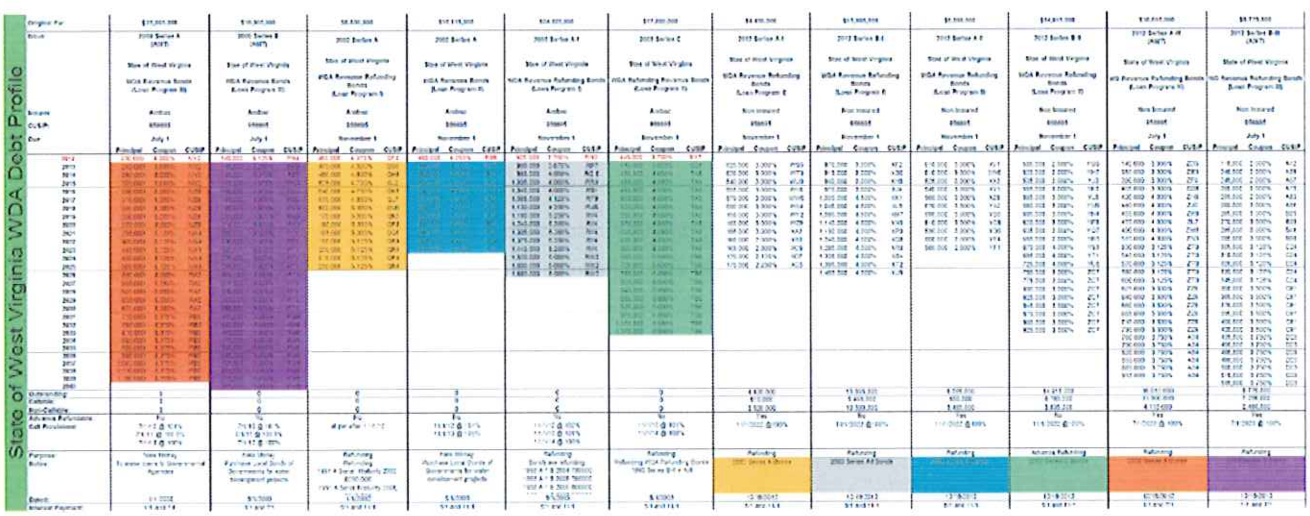
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Moodys	Aa3	Aa3	Aa3	Aa3	Aa3	Aa1	Aa1	Aa1	Aa1
S & P	AA-	AA-	AA-	AA-	AA	AA	AA	AA	AA
Fitch	AA-	AA-	AA-	AA-	AA-	AA	AA+	AA+	AA+

Communication with the rating agencies, as the State is aware, is also central to maintenance of high credit ratings. As the State's financial advisor our firm would continue to share with the State any concerns from the analyst as well as published general reports by the rating agencies relevant to the State. PRAG keeps abreast of changing policies of the rating agencies and will share this information on a regular basis. For example, recently rating agencies are interested in the effect of Sequestration on state governments and the effect of the Affordable Care Act. Moody's also recently put out new State Rating criteria with a new focus on Pensions. These issues should be addressed at the State's next formal rating presentation, PRAG will continue to serve as a bridge to provide the agencies with details of developments in the State. Furthermore, the firm will provide comparative information of other similarly rated States in order to demonstrate the State's relative credit strengths.

Additionally, based on our work with many other State on their credit market relationships, we would continue to assist the State with anticipating the questions and the concerns of the analysts, developing PowerPoint presentations for the meetings, providing speaking points and conducting any follow-up discussions. Please see our response to question 4.6 below for examples of rating presentations that we have prepared for the State in the past.

4.4 Develop and maintain a model of all of the State's outstanding debt issuances on a maturity-by-maturity basis, with all relevant descriptive information for each maturity (CUSIP, series, dated date, sale date, maturity date, original par, outstanding par, coupon, call provisions, refunded status, type of issue, debt service, etc.), to allow, among other purposes, for graphical depictions of the State's debt profile, and scenario analyses of the impact of future debt issuance and for use in State budgeting processes and official statements (NOTE: All data collected, models developed, and output produced by the Financial Advisor during the engagement with the State shall become property of the State. This does not include purchased software, or proprietary models already developed and/or maintained by the Financial Advisor prior to this engagement.);

PRAG builds and maintains comprehensive debt profiles for many of its clients that incorporate all the relevant bond details. The purpose of the debt database is to provide effective summaries of the client's debt position, allow for efficient projections of future debt and debt ratio analyses and to be able to monitor refunding opportunities. Each security type is summarized on a different tab in the database. When we were retained as the State's financial advisor in 2005 we started to build this database and now the database consists of 15 workbooks and includes all the details of 105 bond issues. A snap shot of the West Virginia Water Development Authority Revenue Bonds is provided below. The color code representation of the "bonds that have been refunded" with the associated "refunding bonds" assists the State, PRAG and the bond counsel track allocation of proceeds for refunding and tax-law purposes. We review and update the database regularly to identify potential refunding opportunities and provide written reports to the State including maturity by maturity refunding reports and suggest refunding candidates and transactions that meet the State's minimum refunding policy of greater than 3% net present value savings and generally recommend that the State achieve at least a 5% present value saving threshold, which has served the State well in the declining interest rate environment of the last four (4) years.



PRAG agrees that in its current contract with the State, and with any future contract with the State, all data collected, models developed, and output produced by PRAG during its past or future engagement with the State is property of the State and available upon request.

4.5 Maintain and regularly update a "refunding screen" which uses current municipal bond and reinvestment rates, as well as call option values, to provide a maturity- by-maturity listing of refunding candidates, rank-ordered by present-value savings both in dollars and as a percentage of refunded principal;

We review our debt database for the State regularly to identify refunding opportunities. PRAG uses DBC, the same software used by top Wall Street banks, to run refunding analysis that looks at refunding a series of bonds both on a maturity-by-maturity basis and on a series basis. We always carefully analyze if a certain series of bonds can be advance refunded or if we need to wait to do a current refunding, 90 days prior to the call date of the bonds or if the use of taxable bonds is a viable option. In December, 2012 we worked on a $94.2 million refunding of certain West Virginia Water Development Authority's outstanding bonds. At the time the Loan Program II 2003 Series B and 2003 Series D Bonds could not be advance refunded as they previously advanced refunded other bonds. These bonds are currently callable November 1, 2013 so a refunding of these bonds could close as early as August 1, 2013. In our work with the Water Development Authority, it was contemplated that the Authority would strongly consider a refunding this summer as long as interest rates remained relatively stable. Based on current market rates a refunding of these two series of bonds would generate an aggregate of $7.5 million net present value savings which is in excess of 16% of the refunded bonds.

Included as well are certain State General Obligation bonds both Infrastructure and State Road bonds that based on current market rates generate significant savings levels. Most notable are the 2005 State Road Bonds, which cannot be advance refunded on a tax-exempt basis however on a taxable basis they generate $22.2 million net present value. In the past we assisted the State in selling its General Obligation Bonds on a competitive basis to achieve the lowest borrowing cost and recommend continuing this practice. The School Building Authority issued Appropriation Bonds in 2002. These bonds mature July 1, 2015 however they are currently callable and if refunded could generate approximate $447,123.91 in net present value savings that could be used to fund additional school projects on a pay-go basis. PRAG has analyzed the refunding savings previously and provided its recommendations to the State. We recommended that the State consider proceeding with the GO Infrastructure Bonds and School Building Authority issued Appropriation Bonds. We recommended that these transactions be brought to the rating agencies and issued at or about the same time as the appropriation bonds will be rated off the State's general obligation ratings.

BOND SERIES SAVINGS SUMMARY

Program	Series	Status	Refunded Par	NPV Savings ($)	NPV Savings (%)
WDA Revenue Bonds	2003BII	Tax-exempt	39,550,000	6,963,027.83	17.61%
GO Infrastructure	1999C	Taxable	8,025,000	1,312,339.38	16.35%
WDA Revenue Bonds	2003DII	Tax-exempt	3,510,000	562,316.94	16.02%
GO State Roads	2005	Taxable	159,300,000	22,218,466.77	13.95%
GO Infrastructure	2006	Taxable	29,845,000	3,092,529.49	10.36%
GO Infrastructure	1996D	Tax-exempt	6,250,000	552,488.93	8.84%
GO Infrastructure	2006	Tax-exempt	39,510,000	2,527,272.34	6.40%
SBA Appropriation	2002	Tax-exempt	10,280,000	447,123.91	4.35%
GO Infrastructure	1998A	Tax-exempt	26,100,000	568,805.46	2.18%
SBA Excess Lottery	2008	Tax-exempt	63,220,000	339,202.22	0.54%
GO State Roads	2010A	Tax-exempt	21,905,000	(843,752.51)	(3.852%)

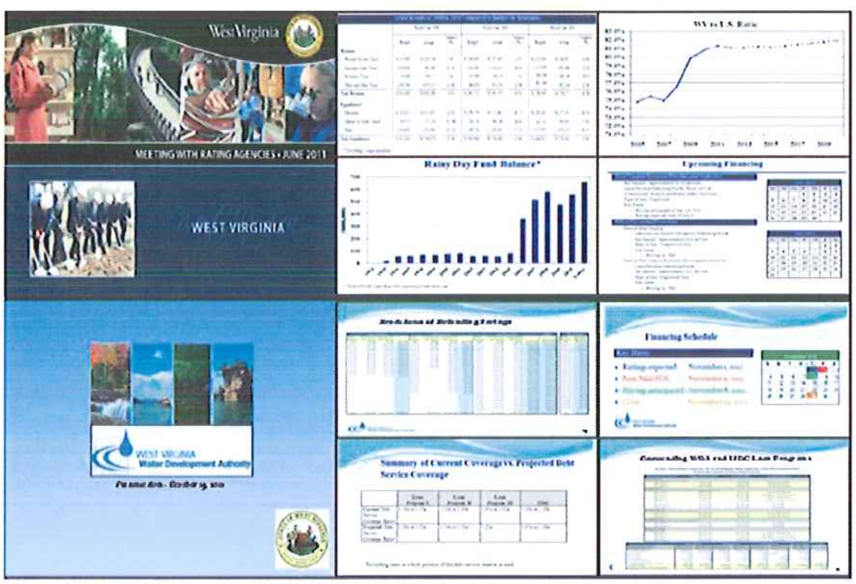
MATURITY-BY-MATURITY SAVINGS SUMMARY

Series	Maturity	Coupon	Par Amount	Call Date	NPV Savings	Negative Arbitrage	NPV Savings % of Ref Bonds
General Obligation Infrastructure- Taxexempt							
2006	11/1/2024	5.000%	3,930,000	11/1/2016	381,389.09	280,071.11	9.705%
2006	11/1/2023	5.000%	1,895,000	11/1/2016	180,746.00	127,029.62	9.538%
2006	11/1/2022	5.000%	1,785,000	11/1/2016	166,978.17	106,350.29	9.355%
2006	11/1/2026	4.750%	4,305,000	11/1/2016	399,961.77	323,432.47	9.291%
1996D	11/1/2023	5.250%	6,250,000	11/1/2016	552,488.93	405,359.78	8.840%
2006	11/1/2020	5.000%	5,710,000	11/1/2016	398,758.91	270,568.78	6.984%
2006	11/1/2019	5.000%	5,475,000	11/1/2016	336,674.76	197,790.15	6.149%
2006	11/1/2021	4.250%	5,935,000	11/1/2016	302,082.72	313,153.89	5.090%
2006	11/1/2025	4.250%	4,115,000	11/1/2016	179,409.09	307,722.34	4.360%
2006	11/1/2018	5.000%	3,670,000	11/1/2016	147,199.52	104,309.45	4.011%
1998A	11/1/2026	5.200%	26,100,000	11/1/2018	568,805.46	2,367,475.74	2.179%
2006	11/1/2017	5.000%	2,690,000	11/1/2016	34,072.31	57,563.31	1.267%
General Obligation Infrastructure- Taxable							
1999C	11/1/2018	6.625%	1,575,000	5/1/2013	410,132.55	0.00	26.040%
2006	11/1/2026	4.750%	3,250,000	11/1/2016	739,692.37	143,948.54	22.760%
1999C	11/1/2017	6.625%	1,475,000	5/1/2013	333,446.08	0.00	22.607%
2006	11/1/2024	5.000%	2,970,000	11/1/2016	573,144.46	132,152.82	19.298%
1999C	11/1/2016	6.625%	1,375,000	5/1/2013	261,130.00	0.00	18.991%
2006	11/1/2023	5.000%	1,435,000	11/1/2016	235,645.88	63,851.61	16.421%
2006	11/1/2025	4.250%	3,110,000	11/1/2016	505,872.05	136,478.55	16.266%
1999C	11/1/2015	6.600%	1,275,000	5/1/2013	178,013.40	0.00	13.962%
2006	11/1/2022	5.000%	1,355,000	11/1/2016	182,918.16	60,291.94	13.499%
1999C	11/1/2014	6.600%	1,200,000	5/1/2013	101,324.09	0.00	8.444%
2006	11/1/2020	5.000%	4,310,000	11/1/2016	323,980.81	191,777.32	7.517%
2006	11/1/2021	4.250%	4,480,000	11/1/2016	322,743.60	196,599.33	7.204%
2006	11/1/2019	5.000%	4,135,000	11/1/2016	184,204.92	183,990.54	4.455%
1999C	11/1/2013	6.500%	1,125,000	5/1/2013	28,293.26	0.00	2.515%
2006	11/1/2018	5.000%	2,770,000	11/1/2016	37,237.71	123,253.64	1.344%
2006	11/1/2017	5.000%	2,030,000	11/1/2016	(12,910.47)	71,851.72	(0.636%)
General Obligation State Road- Taxable							
2005	6/1/2025	5.000%	22,395,000	6/1/2015	6,065,768.22	665,697.31	27.085%
2005	6/1/2024	5.000%	21,330,000	6/1/2015	5,169,328.69	634,039.90	24.235%
2005	6/1/2023	5.000%	12,495,000	6/1/2015	2,666,399.34	371,417.19	21.340%
2005	6/1/2022	5.000%	11,905,000	6/1/2015	2,190,378.00	353,879.28	18.399%
2005	6/1/2021	5.000%	11,335,000	6/1/2015	1,746,896.38	336,935.88	15.412%
2005	6/1/2020	5.000%	10,795,000	6/1/2015	1,336,113.76	320,884.24	12.377%
2005	6/1/2019	5.000%	10,285,000	6/1/2015	955,985.70	305,724.35	9.295%
2005	6/1/2018	5.000%	16,065,000	6/1/2015	990,272.68	477,536.38	6.164%
2005	6/1/2017	5.000%	15,300,000	6/1/2015	619,683.39	372,965.86	4.050%
2005	6/1/2016	5.000%	27,395,000	6/1/2015	477,640.61	449,291.02	1.744%
General Obligation State Road- Taxexempt							
2010	6/1/2022	4.000%	7,300,000	6/1/2020	(263,027.63)	473,931.99	(3.603%)
2010	6/1/2021	4.000%	7,015,000	6/1/2020	(274,483.35)	370,664.76	(3.913%)
2010	6/1/2023	4.000%	7,590,000	6/1/2020	(306,241.53)	604,502.89	(4.035%)

Series	Maturity	Coupon	Par Amount	Call Date	NPV Savings	Negative Arbitrage	NPV Savings % of Ref Bonds
School Building Authority- Appropriation Bonds							
2002	7/1/2015	4.500%	5,250,000	7/31/2013	326,087.73	0.00	6.211%
2002	7/1/2014	4.375%	5,030,000	7/31/2013	121,036.18	0.00	2.406%
School Building Authority- Excess Lottery Bonds							
2008	7/1/2022	5.250%	5,810,000	7/1/2018	209,253.36	401,218.67	3.602%
2008	7/1/2024	5.250%	6,400,000	7/1/2018	180,255.17	555,879.36	2.816%
2008	7/1/2021	5.250%	5,520,000	7/1/2018	129,789.69	332,832.67	2.351%
2008	7/1/2025	5.250%	6,735,000	7/1/2018	125,549.29	622,193.47	1.864%
2008	7/1/2023	4.750%	3,550,000	7/1/2018	62,186.60	285,065.08	1.752%
2008	7/1/2023	4.625%	2,565,000	7/1/2018	32,199.87	205,330.54	1.255%
2008	7/1/2020	5.250%	5,300,000	7/1/2018	55,044.46	258,827.62	1.039%
2008	7/1/2026	5.000%	7,090,000	7/1/2018	(62,031.89)	700,194.10	(0.875%)
2008	7/1/2019	5.000%	4,990,000	7/1/2018	(51,314.02)	187,358.12	(1.028%)
2008	7/1/2027	5.000%	7,445,000	7/1/2018	(134,700.89)	768,323.84	(1.809%)
2008	7/1/2028	5.000%	7,815,000	7/1/2018	(207,029.42)	837,205.73	(2.649%)
Water Development Authority- Revenue Bonds							
2003BII	11/1/2023	5.250%	10,790,000	11/1/2013	2,451,314.59	48,305.75	22.718%
2003BII	11/1/2029	5.000%	16,125,000	11/1/2013	3,236,840.84	108,691.26	20.073%
2003BII	11/1/2018	5.000%	2,500,000	11/1/2013	403,820.84	7,405.87	16.153%
2003DII	11/1/2024	4.850%	3,510,000	11/1/2013	562,316.94	12,718.09	16.020%
2003BII	11/1/2017	5.000%	2,400,000	11/1/2013	333,170.31	5,385.05	13.882%
2003BII	11/1/2016	5.000%	2,700,000	11/1/2013	290,122.09	4,530.80	10.745%
2003BII	11/1/2015	5.000%	2,570,000	11/1/2013	179,717.24	3,122.16	6.993%
2003BII	11/1/2014	5.000%	2,465,000	11/1/2013	68,041.92	2,105.96	2.760%

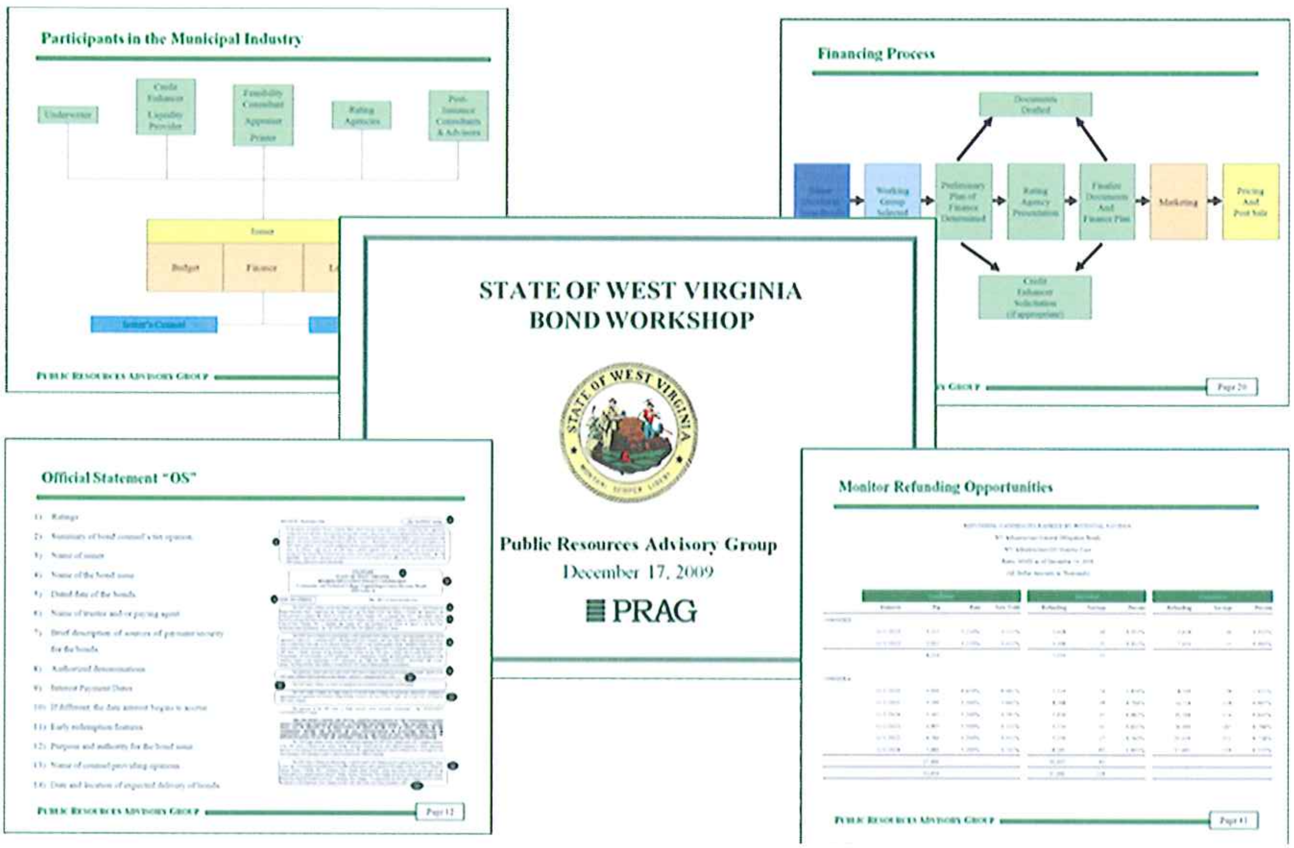
4.6 Present on proposed bond issues and financings to rating agencies and potential purchasers of the securities;

PRAG prepares presentations summarizing the details of a particular financing and overall credit of the issuer both to brief rating agencies and potential investors. The presentations typically take into account debt, financial and economic factors and include projected population and income growth, employment, business activity, property values, unfunded liabilities, financial performance, debt burden, and debt issuance. Provided below are snapshots of two presentations that PRAG has provided for the State. The first is the presentation that was given in June 2011 on the State's Economic Development Authority Lease Revenue Bonds that led to the State's General Obligation rating being upgraded from Fitch Ratings to "AA+" from "AA" (the State's lease obligation rating, which follows the State's GO rating, was upgraded to "AA" from "AA-"). The second presentation was for the West Virginia Water Development Authority's Refunding Revenue Bonds and Infrastructure and Jobs Council transactions in 2012 which were rated "Aa3" "AA-" by Moody's and Fitch, respectively, based on the State's moral obligation (debt service reserve fund make-up provisions) for the bonds. The West Virginia Water Development Authority's previous bond issues were rated "A" by Standard & Poor's.



4.7 Provide the State with any training, newsletters, and other informational material routinely provided to clients or on request as necessary to enhance State capacity for financing-related activities;

PRAG believes the best way to assure that the clients are making informed decisions is to empower them through education and training. To that end, PRAG professionals have conducted training seminars for both decision-makers and staff within our client organizations. Some of our issuer clients, who have received training in the areas of bond pricing fundamentals, financial analysis techniques, and interest rate swaps, include the State, the states of California, Virginia, Minnesota and the cities of New York and Los Angeles. The following excerpts are from an all day comprehensive Bond School event for State professionals in multiple agencies that participate in bond financings conducted by PRAG 2009. The workshop material was prepared by Project Managers Christine Fay and Steve Goldfield.



4.8 Advise the State in the development, structure, and timing of issuance of bonds and other modes of financing including, but not limited to refundings, credit- enhancements, leased financings, asset-backed financings, GARVEE bonds, and private placements and in accordance with applicable Federal and State laws, regulations, customs, and practices governing such issuance;

PRAG would continue to assist the State in the development and structure of its tax-exempt bonds. One hallmark of PRAG's financial advisory services is our extensive technical knowledge. A majority of our senior and junior personnel have strong backgrounds in quantitative modeling and technical analysis. PRAG believes that an in-depth understanding of quantitative modeling and analysis is integral to achieving optimal financial results. Firm professionals keep abreast of market developments and advances in technology to ensure that our clients receive the most sophisticated financial analysis available. We use DBC software, customized Excel spreadsheets and templates, Excel optimization modules (What's Best!) as well as linear optimization models to generate optimal debt structures. This makes it possible for PRAG to combine quantitative models with qualitative analysis to formulate the very best possible advice for the State

PRAG analyzes the market conditions prior to the sale and provides recommendations for timing of the sale. As a result of our extensive experience in bond sales, particularly for State issuers, and frequent participation in the market, PRAG can obtain information on market conditions and pricing opinions from a wide variety of participants as well as online sources such as Thomson Municipal Market Monitor (TM3) and Bloomberg.

PRAG has developed considerable expertise with regard to the Federal tax law, State laws and regulations and their application to the issuance of municipal debt having advised state and local governments in tax exempt bond issuances since 1985. During the past 28 years, we have worked with each of the top bond counsel firms in the country and since 2005 we have worked with all the major West Virginia bond counsel firms. Our familiarity with these firms enables us to add value in two key ways. First, we are able to help structure optimal solutions for our clients anticipating what we know to be the restrictions that may be imposed by the particular firm's interpretation of the Internal Revenue Code of 1986, as amended or by State law. Second, in many cases a legal issue itself may be subject to interpretation – leading to different firms taking different positions. Our depth of experience with West Virginia bond counsel firms, knowledge of how issues are resolved in the State, and ability to introduce ideas that we have seen in different areas of municipal finance often enables us to provide a path for the answer that serves the State best. We understand the regulations, customs and practices of West Virginia public finance and we can often tailor solutions in advance to satisfy the concerns of the Bond Counsel and then present the solution with support from other transactions and firms.

In addition, PRAG regularly monitors pending and new federal legislation, IRS regulations, and IRS private letter rulings to ascertain any impact on our client's ability to implement cost-effective transactions. Our firm also takes an active role in monitoring municipal debt disclosure rules and best practices.

See our response to Section D, Question 1 above, for additional information related to the development, structure, and timing of issuance of bonds and other modes of financing including, but not limited to but not limited to refundings, credit enhancements, leased financings, asset-backed financings and see our response to Section D Question 3 for additional information related to our approach to GARVEE bonds.

4.9 Advise on the amount, timing, and nature of borrowings, as well as the credit structure, maturity schedule, call provisions and other items, as needed;

The amount of bonds to be issued depends on several factors. For new money bonds, it is determined by the issuer's capital needs but also by its long-term capital plans and debt affordability analyses. For refundings, it depends on the objectives to be accomplished by the refunding, an issuer's savings targets and other debt policy considerations. The timing of the issue should include the market analysis, as described above, but generally we do not recommend "timing of the market" for new money bond issuance when a state is a regular issuer of debt. In terms of the nature of borrowing and its credit structure, our goal is to achieve the lowest borrowing cost and we would analyze the options available to the State at the time of financing. PRAG assisted the West Virginia Higher Education Policy Commission in analyzing the benefits associated with issuing earlier than originally planned to achieve pricing benefits that were available in 2010 from the Federal Stimulus "Build America Bonds" program.

Principal amortization should be determined based on the goals of the State, considering the State's budget parameters, debt load considerations and market trends. Our capabilities have allowed the State to explore the full range of bond structuring options and to understand the future impact of these options on the State's debt position.

The vast majority of municipal bonds are sold with an optional 10-year par redemption provision and at this time we would recommend this approach, but we would also analyze other call features such as shorter calls, call premiums or make-whole/non-callable bonds and recommend changes if it would be economically beneficial to do so, as previously discussed. (see our response to Section D Question 1., above, for additional information related to our advice on amount, timing, and nature of borrowings, as well as the credit structure, maturity schedule, call provisions and other items.)

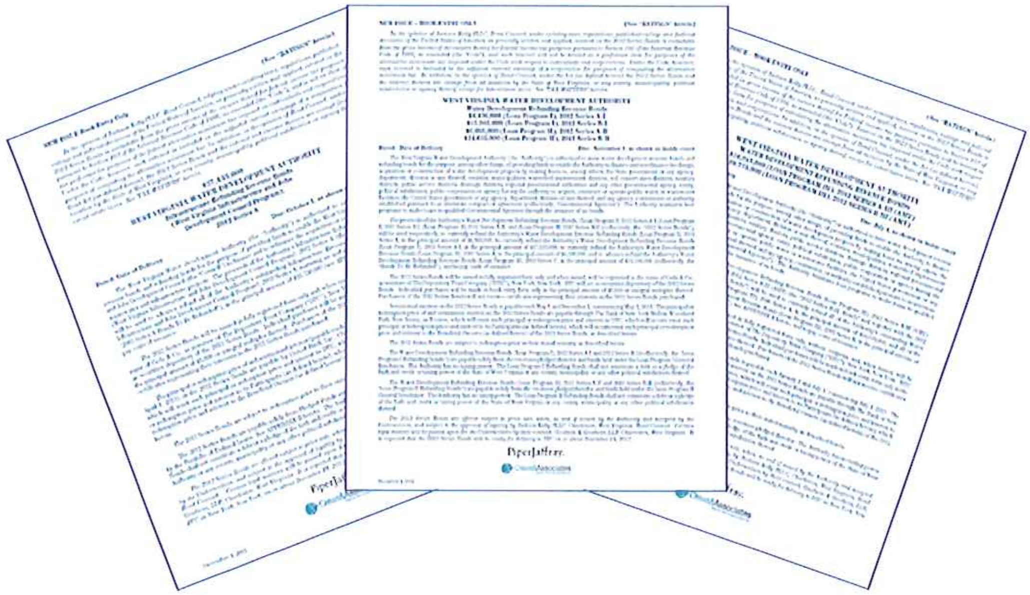
4.10 Assist in preparation of official statements, notices of sale, bond documents and other appropriate information to prospective bond and note investors;

PRAG always takes an active role in carefully reviewing and commenting on all bond sale documents and would manage the process of document preparation and approval to ensure that financings stay on schedule. For each competitive sale, PRAG will structure a Notice of Sale which conforms to the State's financial goals and provides sufficient structuring flexibility to potential bidders to obtain an aggressive market-level bid for the State's bonds. PRAG has been a consistent innovator in the competitive sale process, successfully incorporating features into the bid process which afford the issuer more flexibility than was previously thought possible in competitive sales. For example, we introduced the adjustment of principal amounts before and after the sale within broad limits of the aggregate amounts of bonds rather than annual amounts and we allow for changes to the Notice of Sale an hour before the sale. This way, the issuer can postpone the sale if market conditions deteriorate. We contact the market participants to define the optimal bid parameters that allow the bidders flexibility within the legal and financial constraints of the issuer. For example, in the recent State of New York notice of sale for tax-exempt bonds we increased the maximum coupon to 5.50% after underwriters told us that there may be some investors willing to pay for such a coupon. Indeed, the winning bid did have maturities with a 5.25% coupon. We would also review and comment on preliminary and final official statements as well as all other legal and financial bond sale documents including ordinances, indentures, and resolutions. We believe that this practice is essential to insuring that the best interests of the State are represented, as we have discovered that an active financial advisor who is intimately involved with the preparation of legal documents is a key safeguard to preserve the financial interests of municipal issuers.

PRAG has also been active at assisting clients with communicating directly with potential investors. For a recent $800 million State of Illinois general obligation competitive sale, PRAG Project Team members Tom Huestis and Christine Fay managed a two and one-half week investor road show that consisted of visiting seven cities with individual and group meetings. The State was able to see over 60 unique investor firms and also participated in a virtual "Net Roadshow" production. The road show was deemed very successful as the State was able to achieve spreads on its taxable and tax-exempt bonds were significantly less than expected.

An example of PRAG's expertise, resource and commitment to State related to the preparation of documents is illustrated by PRAG recent work on the West Virginia Water Development Authority refunding transaction. PRAG is a team player and as the State's financial advisor we are always willing to step in and do what it takes to complete a successful financing. In December 2012, PRAG served as financial advisor on the West Virginia Water Development Authority Refunding Revenue Bonds. Since the Authority had previously decided to issue refunding bonds within its existing series structures, three different official statements needed to be prepared. The main representative from Underwriters' Counsel for these transactions began this process but suffered a serious medical event during the course of the financing. Having reviewed all drafts of the documents PRAG was familiar with the documents and offered to step in and manage the preparation and completion of the documents. This allowed the financing to continue according to the schedule (during a period of exceptionally low interest rates) and proved to be a solution that worked for all members of the team. The refunding closed on December 19, 2012 and the

State was able to take advantage of the end of year low interest rates and lock in $27.5 million in net present value savings which was 21.9% of the bonds being refunded.



4.11 Assist in preparing and presenting timely and adequate information on proposed financings and the State's finances and operations to the bond rating agencies and institutions providing credit enhancement;

Credit issues are very important to the State. The State's current general obligation ratings of AA+ by Fitch, Aa1 by Moody's and AA by Standard & Poor's, all with Stable outlooks, reflect the State's strong financial performance, conservative budgeting, high reserve levels, moderate debt levels and high, but improving unfunded liabilities. It is particularly important during this time as much of the nation is beginning to recover from fiscal stress, to keep the rating agencies informed of ongoing and specific actions by the State related to its financial condition and credit position. As previously noted before the meetings with rating agencies, we would assist the State with anticipating the questions and the concerns of the analysts, developing a PowerPoint presentation for the meetings, and conducting any follow-up discussions. The presentations typically take into account debt, financial and economic factors and include projected population and income growth, employment, business activity, property values, unfunded liabilities, financial performance, debt burden, and debt issuance. We would also help foster an on-going dialogue between the State officials and rating analysts. Please see our response to questions 4.6 above for an example of information previously presented to the rating agencies on State financings.

We would provide similar information to bond insurers in preparation for a sale of fixed rate bonds. At this time, however, none of the bond insurers would be able to improve the cost effectiveness of the State's transactions given the State's strong general obligation, lottery revenue, lease revenue or moral obligation pledges.

4.12 Evaluate the terms and recommendation of acceptance, rejection or renegotiation with respect to sale bids or final pricing;

For competitive sales PRAG uses its software to independently verify the true interest cost ("TIC") of each bid received, determine the winning bid, verify the winning bidder's compliance with the terms of the Notice of Sale and make recommendation of accepting the winning bid. For example, the apparent winner of a recent taxable sale by the State of Georgia included coupons in one-thousandths while the bid parameters in the Notice of Sale asked for coupons in one-hundredths. We quickly calculated that even with rounding of the coupons this was the best bid and advised the issuer to accept this non-conforming bid. Since this was the first of several bids for this issuer, we promptly advised the underwriter not to repeat the same mistake in their next bids. For each competitive sale, we modify an Excel-based TIC calculation template to conform to the bid specifications and, either at the State's offices or remotely, we conduct the bid evaluation on the day of the sale. Once the bids are verified – a process which takes approximately 10 minutes -- and the apparent winner is identified, we facilitate the communication and coordination between the State and the "back office" of the underwriter that won the bid. We prepare the bond cash flows with the coupons and yields of the winning bidder and resize the issue, if necessary. The State typically sells its General Obligation refunding bonds competitively. Below is a snap-shot of the 13 bids received on the State's last competitive sale. After verifying all the bids, PRAG recommended awarding the bonds to BOSC, a subsidiary of BOK Financial Corporation, as the low bidder.

Bid Results

West Virginia
$18,350,000 Infrastructure General Obligation Refunding Bonds, 2011 Series A (Subject to AMT)

The following bids were submitted using *PARITY*® and displayed ranked by lowest TIC
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
☐	BOSC, Inc.	1.632846
☐	Piper Jaffray	1.676222
☐	Janney Montgomery Scott LLC	1.708789
☐	Morgan Keegan & Co., Inc.	1.721985
☐	Wells Fargo Bank, National Association	1.739666
☐	Hutchinson, Shockey, Erley & Co.	1.818184
☐	J.P. Morgan Securities LLC	1.825375
☐	Citigroup Global Markets Inc.	1.836103
☐	Bank of America Merrill Lynch	1.850421
☐	Guggenheim Securities, LLC	1.850755
☐	Crews & Associates, Inc.	1.925331
☐	Jefferies & Company, Inc.	2.043634
☐	US Bancorp Investments, Inc.	2.149754

STATE OF WEST VIRGINIA
GENERAL OBLIGATION BONDS
SERIES 2011A

Bid Results
14-Sep-11

Bidder	Bosc	Piper	Janney	Morgan Keegan	Wells Fargo	Hutchinson	JP Morgan
2011	0.200%	3.000%	2.000%	2.000%	3.000%	2.000%	2.000%
2012	0.300%	6.000%	4.000%	2.000%	4.000%	4.000%	4.000%
2013	3.000%	6.000%	4.000%	3.000%	5.000%	4.000%	0.875%
2014	3.000%	6.000%	3.000%	4.000%	5.000%	4.000%	5.000%
2015	4.000%	6.000%	3.000%	4.000%	5.000%	4.000%	5.000%
2016	3.000%	6.000%	4.000%	3.000%	5.000%	4.000%	5.000%
2017	3.000%	6.000%	4.000%	4.000%	5.000%	4.000%	5.000%
2018	3.000%	3.000%	4.000%	3.000%	5.000%	2.250%	4.000%
2019	3.000%	3.000%	4.000%	3.000%	5.000%	2.500%	4.000%
2020	3.000%	3.000%	4.000%	3.000%	5.000%	2.750%	4.000%
2021	3.000%	3.000%	4.000%	3.000%	5.000%	3.000%	4.000%
2022	3.000%	3.125%	4.000%	3.000%	5.000%	3.000%	4.000%
Bid Premium / (Discount)	934,946.51	1,873,093.14	1,278,728.59	1,129,003.30	2,108,274.26	1,233,150.74	1,603,249.80
Bid Price	19,284,946.51	20,223,093.14	19,628,728.59	19,479,003.30	20,458,274.26	19,583,150.74	19,953,249.80
Bid Price as % of Par	105.09508%	110.20759%	106.96855%	106.15261%	111.48923%	106.72017%	108.73706%
Bid TIC	1.632846%	1.676222%	1.708789%	1.721985%	1.739666%	1.818184%	1.825375%

For negotiated sales, PRAG recognizes that the fees, spreads, pricing levels, syndication rules, and even the bond issue structure itself, may be altered to impact the net compensation to underwriters. From our frequent participation as financial advisor in the municipal market, we have extensive experience working with underwriters in determining the appropriate levels for each of these characteristics in a negotiated sale. For negotiated sales, PRAG provides detailed market analyses of fees, spreads and interest rates for other issues with similar terms and conditions priced close to the date of negotiation. In addition, PRAG would examine any available timely secondary market trading data for blocks of significant size, as reported by the MSRB, for the State's bonds. PRAG compiles this information in a pre-pricing book see our response to Question D.4.17 below.

During the actual pricing of the bonds, PRAG uses customized templates that interface with Parity electronic order entry data to provide real-time summaries of pricing data relationships – spreads to MMD, yields to maturity spreads to MMD, and orders as a percentage of available bonds (retail, priority, and member). PRAG immediately distills this information which allows the State to be better informed and able to negotiate more favorable pricing terms. We constantly monitor order flow, rather than passively wait for the underwriter to share select information. Having real-time access is only as good as the ability to interpret such data and PRAG utilizes such information to its fullest extent in order to best prepare issuers in advance of price negotiations with underwriters. As financial advisor, we would make recommendations to the State to accept or reject the underwriter's pricing proposals. We have an exceptional track record in pricing negotiated bond transactions and we are often invited by certain issuers, such as the State of Florida, to assist them in this process.

Monika Conley, PRAG Project Team member and proposed Pricing Specialist for the State, will use her extensive relationships with the most active municipal trading desks and has leveraged such relationships and knowledge of the market to achieve the best pricing result for the State. Most recently Ms. Conley participated in the State of West Virginia School Building Authority pricing for the 2013A Bonds. Many times underwriters are anchored to the spreads of prior bond issuances and this was the case in the proposed pricing of the 2013A Bonds. Back in 2010, the SBA's 2010B bonds priced at spreads to MMD with a low of 60 basis points in the front years and as high as 100 basis points over MMD in some of the out years. Based on the Project Team's knowledge of the State's lottery credit, secondary market trading of similar bonds and improved market dynamics, we strongly encouraged the reluctant underwriters to enter the market 15 basis points lower than the rates they proposed. As we suspected, the bonds were received

Issuer:	State of West Virginia					State of West Virginia						
	School Building Authority of West Virginia					School Building Authority of West Virginia						
Series:	Excess Lottery Revenue Bonds					Lottery Capital Improvement Revenue Bonds						
	Series 2010 B					Series 2013 A						
Amount:	$25,000,000					$24,425,000						
Ratings (M/S/F):	A1/AAA/A+					A1/AAA/--						
Insurance:	None					None						
Call Features:	7/1/2020 @ 100.0					7/1/2023 @ 100.0						
Type of Sale:	Negotiated					Negotiated						
Underwriter:	Citi					Citi						
Maturity Date:	July 1					July 1						
Sale Date:	7/14/2010					4/4/2013						
Year	Amount ($000)	Coupon	Yield	Mid MMD (7/14/10)	Spread to MMD	Amount ($000)	Coupon	Final Pricing	Mid MMD (4/4/13)	Final Spread to MMD (4/4/13)	Pre-Pricing Spread to MMD (4/3/13)	Proposed Spread to MMD (4/2/13)
2010												
2011	$880	2.000%	0.900%	0.300%	60							
2012	$545	2.000%	1.030%	0.440%	59							
2013	$555	2.000%	1.340%	0.710%	63							
2014	$570	2.000%	1.640%	0.990%	65							
2015	$580	2.500%	2.040%	1.410%	63	$1,330	3.000%	0.630%	0.330%	30	40	45
2016	$595	3.000%	2.460%	1.780%	68	$1,365	3.000%	0.840%	0.470%	37	45	55
2017	$615	3.000%	2.780%	2.050%	73	$1,410	4.000%	1.030%	0.610%	42	50	60
2018	$635	3.000%	3.000%	2.260%	74	$1,465	4.000%	1.230%	0.810%	42	50	65
2019	$650	3.500%	3.230%	2.450%	78	$1,525	4.000%	1.520%	1.010%	51	55	70
2020	$615	3.500%	3.410%	2.640%	77	$1,585	4.000%	1.740%	1.230%	51	55	70
2021	$695	3.500%	3.610%	2.790%	82	$1,650	5.000%	1.970%	1.450%	52	55	70
2022	$715	4.000%	3.770%	2.920%	85	$1,730	5.000%	2.180%	1.660%	52	55	70
2023	$745	4.000%	3.890%	3.040%	85	$1,815	5.000%	2.410%	1.820%	59	60	75
2024	$780	4.000%	4.000%	3.170%	83	$1,910	5.000%	2.550%	1.950%	60	60	75
2025	$810	4.000%	4.090%	3.280%	81	$2,005	5.000%	2.680%	2.090%	59	60	75
2026	$840	5.000%	4.520%	3.380%	114	$2,105	5.000%	2.810%	2.220%	59	60	75
2027	$3,290	5.000%	4.520%	3.480%	104	$2,210	5.000%	2.910%	2.330%	58	60	75
2028	$3,455	5.000%	4.520%	3.560%	96	$2,320	5.000%	3.000%	2.420%	58	60	75
2029	$3,625	5.000%	4.520%	3.630%	89							
2030	$3,805	5.000%	4.520%	3.700%	82							

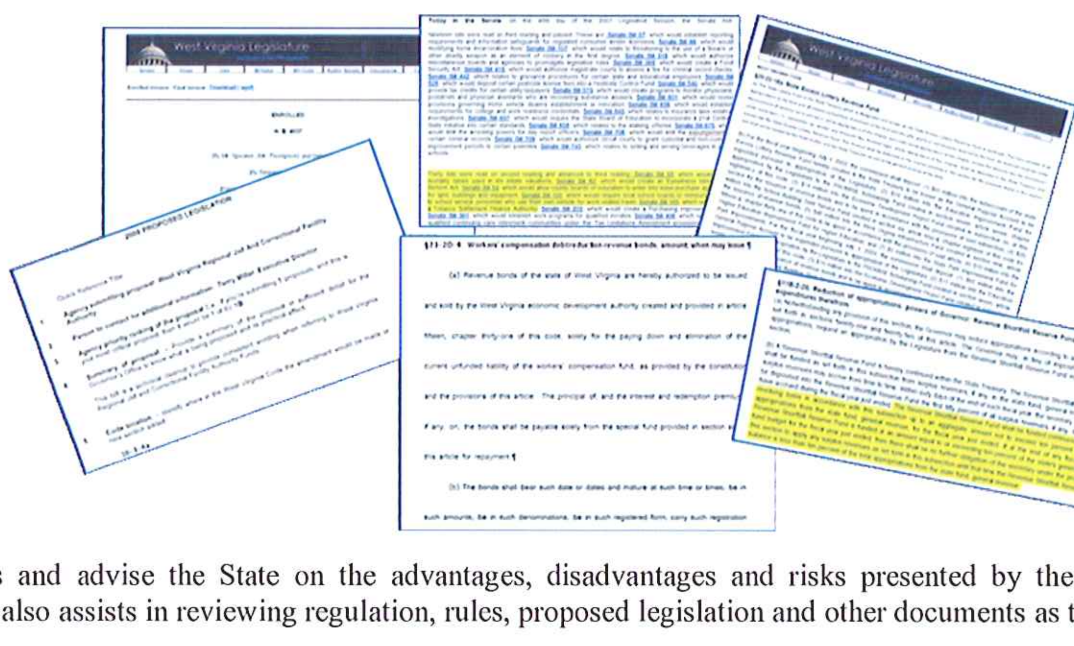
very well with certain maturities being as much as 10 times oversubscribed. With the overwhelming demand for the bonds PRAG negotiated another 5 to 10 basis point reduction in yields over the 15 year term of the bonds with the improvement of the MMD index during the day. The end result was an All-in TIC of 2.77%. A summary of the SBA's 2013A Bonds pricing results compared to the pricing of the SBA's 2010B Bonds is shown above.

4.13 Participate in meetings related to debt offerings including, due diligence, rating agency presentations, pricings, and closings;

We are prepared to attend all meetings related to debt offerings in person or by telephone. In terms of the rating agency meetings we typically coordinate with all the members of the working group and take the lead in scheduling the meeting with the analyst. We have done this on behalf of the State for all of the financings we have been involved in over the period of our engagement. We have arranged with the rating agencies: (i) formal presentations by State officials and the financing team members, (ii) informal question and answer sessions with State officials and the financing team members, and (iii) individual conference calls with State staff to discuss or clarify particular credit issues. Also, from time to time we have joined State officials for formal face-to-face presentations in New York. Please see our response to Question 4.3 above for our role in preparing for rating agency meetings. We participate in all working group meetings, due diligence calls and pre-pricing calls, pricing calls or meetings and closing calls. Most recently Ms. Fay and Ms. Conley joined Executive Director Dr. Mark Manchin and Board Member Mr. Tom Lang from the School Building Authority for the pricing of the Series 2013 A Bonds at Citi's offices in New York. Please see our response to question 4.12 above for a more detailed description in our role in pricing the State's bonds.

4.14 Review proposed rules, proposed legislation, and other documents relating to the State's financing programs;

PRAG always takes an active role in carefully reviewing and commenting on all transaction legal documents, and, as requested, we can manage the process of document preparation and approval to ensure that financings stay on schedule. Attorneys frequently tell us that we are the only financial advisor they work with who provide substantive comments on documents. Although the ultimate responsibility for preparing, reviewing and providing opinions on bond and disclosure documents would, as is industry practice, fall on bond and disclosure counsel, we provide a careful and experienced eye in the review



process and advise the State on the advantages, disadvantages and risks presented by the documents. PRAG also assists in reviewing regulation, rules, proposed legislation and other documents as they relate to an issuer's financing programs. For example, Steve Goldfield has been called upon during the State of West Virginia legislative sessions to review and comment on an array of legislation relating to debt issuance including tobacco securitization, lottery revenue securitization, start-up toll roads, school funding initiatives, higher education funding programs and the implementation of Build America Bonds and Qualified School Construction Bonds.

4.15 Resolve issues regarding the sale and issuance of bonds that are raised by prospective purchasers, rating agencies, or public officials;

During the course of preparation for any financing, we discuss issues and answer questions raised by market participants. We are familiar with our clients and the proposed financings and able to assist in resolving issues regarding the financing. If we cannot answer the question immediately – for example, if a rating agency asks for information that needs to be compiled – we will make every effort to follow up and provide an answer as soon as possible. In a recent rating update for the State of New Hampshire, an analyst from S&P asked the question about the right of the State Treasurer to pay debt service from funds other than those appropriated for debt service. We were not able to answer this question during the call but afterwards we researched the State's constitutional and statutory provisions, consulted with the Treasurer and bond counsel and concluded that the Treasurer has the authority to make such payments. We then responded to the rating analyst's question in a timely fashion.

4.16 Participate in public forums as the State's Financial Advisor to explain financial aspects of borrowings or debt;

Personnel of PRAG participate in public forums as needed, to explain financial aspects of borrowings or debt and to answer any questions, often posed by persons not familiar with the industry. For example, PRAG professionals have given presentations before legislative committees in West Virginia on OPEBs, pensions and tobacco securitization as well as how to avoid borrowing $1.5 billion to privatize the workers' compensation insurance system. We have also presented at public finance industry events as well as to legislative bodies and boards. We would continue to be available to participate in public forums as the State's Financial Advisor as requested.

4.17 Prepare pre-pricing books to provide estimates of the State's true interest cost for upcoming bond sales, and provide a financial advisory memorandum following each sale to demonstrate how the State's bond issues priced compared to expectations;

As stated above, PRAG analyzes the market conditions prior to, during, and subsequent to each bond sale: When assisting on the pricing a bond issue, we gather the primary market pricing data of all similar bond issues and provide this information on these comparable issues relative to market indices such as Municipal Market Data Index ("MMD") or Securities Industry and Financial Markets Association Index ("SIFMA") in order to assist our clients negotiate favorable pricing terms with underwriters. We also prepare debt service schedules and estimate the expected true interest cost of the transaction. During the sale process, we also monitor changes in market rates and compile real time pricing information for the State to review before the finalization of fees and terms of a transaction, working diligently to ensure that the State receives optimal pricing.

After the closing of each transaction, we provide the State with an analysis of the sale which includes a narrative describing the results of the sale and market conditions, data on coupons and yields and comparison of the State's yields to various indices, similar issues in the market, and historical State spreads to triple-A MMD scale. Similarly after the closing of each negotiated transaction, we provide the State with an analysis of the sale which includes a narrative describing the results of the sale and market conditions, data on coupons, yields and takedowns, retail and institutional orders, an analysis of orders by category (i.e., net designated and member orders including retail) and by underwriter, investor meetings, allotments and a comparison of yields to various indices and similar issues. We produce final debt service schedules and compare the true interest cost to the expected pre-sale true interest cost estimate. This report also contains rating agency reports, final numbers, copy of the closing memorandum, final wire by the underwriter, and other information related to the transaction. PRAG has regularly prepared this information for many of its clients, including the State.

4.18 Analyze various financing proposals that are presented by state and local agencies, investment bankers, and other outside entities;

As financial advisor, PRAG regularly evaluates unsolicited financing proposals submitted to an issuer by underwriters, agencies and other entities. Typically, our firm prepares a memorandum for a client such as the State describing the proposals, the reasonableness of the assumptions and the risks, if any, associated with the structure and prepare a comparison of all such proposals. We would replicate and verify the cash flows using our own computer model and provide this as an attachment to our memorandum. Depending on the complexity of the financing proposal, PRAG project team members would be available either in person or on the phone to respond to questions from the State.

4.19 Assist the State in the procurement and selection of agents and services necessary or desirable for the sale and issuance of bonds and other financing instruments, including but not limited to verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers;

As a financial advisor to numerous issuers, we have templates for Request for Proposals (RFPs) for credit enhancers, reinvestment of proceeds, OS printing, Trustee and Paying Agent, Escrow Agent and Verification Agent, as well as the corresponding provider lists. These templates are adjusted as market conditions change. For example, Preliminary Official Statements are often distributed electronically only and the number of printed copies of the final Official Statements is smaller and smaller. We are able to conduct the RFP process quickly and efficiently, to prepare a summary of responses and to recommend the winner. For services such as official statement printing, paying agent, trustee, escrow agent services our recommendation is usually based on the proposed fee as we know the bidding parties and include in our provider list reliable and responsible firms with good track records.

PRAG can assist in the procurement and negotiation of credit support mechanisms as needed. PRAG is experienced in drafting and distributing RFPs for letters and lines of credit and liquidity facilities. Our clients have relied on our deep knowledge of market developments when assessing and procuring credit enhancement and we would make this expertise available to the State to evaluate credit enhancement options in this difficult credit market. Banks' capacity to offer letters of credit and liquidity facilities is constrained. PRAG is in close contact with letter of credit and liquidity facility providers and we are experienced in soliciting requests for proposals and are particularly knowledgeable about the key business terms in the credit agreement that providers have focused on. We are also knowledgeable about alternative credit products available in the market. For the Parkways Authority, we assisted the State with a competitive solicitation for a replacement of a Dexia Letter of Credit, which resulted in a private placement structured note facility with Wells Fargo which eliminated basis risk and renewal risk for Parkways Authority.

PRAG is prepared to assist the State in evaluating proposals received from underwriters either through a formal Request for Proposals or a proposal submitted on an unsolicited basis for a specific project or financing, including leaseback transactions, refundings and alternate forms of tax-exempt bonds. Indeed, we regularly evaluate and draft Request for Proposals and develop evaluation methodologies for use with the respondents' proposals. To better prepare our clients for reviewing and analyzing the often voluminous and complex proposals, we compile manageable, detailed summaries which condense ideas and qualifications for easier comparison and review and would do so for the State, if requested. In addition, we would participate in any interviews, providing questions both ahead of time and on an impromptu basis depending on the format of the interviews. Based on the type and size of the issue contemplated, we would also advise on the optimal size and configuration of the co-managing underwriter syndicate.

Each time the State releases an Underwriter Request for Proposal (RFP) we assist the State is drafting the proposal to ensure the questions reflect current market dynamics and are pertinent to the financing at hand. We review and summary the contents of the proposal and the cost proposal. Directly below is a snapshot of the summary PRAG prepared on the State's most recent Underwriter solicitation.

TO BE READ IN CONJUNCTION WITH THE RESPONSES TO THE RFP

STATE OF WEST VIRGINIA
WEST VIRGINIA LOTTERY REVENUE BONDS
Summary of Proposals for Senior Managing Underwriters
November 16, 2012

Required Components of Proposal			
	BofAML	**Citi**	**Crews**
Position	*Senior Manager*	*Senior Manager*	*Senior Manager*
C. Experience			
1. West Virginia Lottery Experience as Book Running/Senior Manager (Last 3 yrs.; $50.0 million or more)	• Served as SM for 1 (WDA East Bonds) financing with a par amount of $155.62 million, 28.2% market share.	• Served as SM of 8 financings totaling $488.4 million, $407.8 million of which were over $50 million. • Claims #1 underwriter of WV Debt. • Implemented the inaugural Excess Lottery for the EDA in 2004. • Senior Manager for recent HEPC and SBA lottery transactions.	• Has not served as SM for any State lottery transaction but was Co-Senior manager on the 2009, 2010 and 2012 WV HEPC Bonds.
2. State Level Tax Backed Bonds Experience as Book Running/Senior Manager (Last 3 yrs.; $50.0 million or more)	• Since 2009, has served as SM on 772 state-level revenue financings totaling $128.6 billion, 15% market share. • Since 2009, has served as SM on 3 lottery revenue bond financings totaling $518.9 million, 22% market share.	• Number 1 for state level revenue transactions • Since 2009, has served as SM on 471 state-level revenue financings totaling $68 billion, 16% market share. • Number 1 for lottery-backed transactions, SM for over $1.7 billion since 2009	• Has not served as the SM for any State tax backed deals over last 3 years.
3. Experience relevant to selection	• Has direct experience working with the State on a lottery financing and working with other issuers on lottery financings.	• Has developed nearly all of the State's Lottery and Excess Lottery programs. • Is primary market underwriter for WV Lottery Bonds and also the secondary market trading partner of choice. • Strong WV Investor relations, deep credit knowledge, experience with rating strategy, experience will allow for quick and efficient execution of financing.	• Has been market maker in WV for the last 30 years. • Has unique blend of regional, State and local marketing and distribution capabilities. • Leader in secondary market support in WV.
4. Marketing and distribution capabilities, research and publications, Co Manager experience for State	• Claims to be #1Ranked senior managing underwriter of all municipal bonds nationally. Retail • 1,388 retail offices and 15,060 financial consultants • $2.3 billion in assets Institutional • 381 Sales professionals • 24 Dedicated municipal Sales Representatives • 394,000 accounts	Retail (Citi joint venture – Morgan Stanley Smith Barney) • 850 retail offices and 16,400 financial consultants. • $1.5 trillion in assets Institutional • 20 Sales Representative • 76 middle market sales representatives • 4 Research Support professionals • One of the top market makers in the industry	Retail • 1 office and 163 financial consultants. • Middle market distribution strategy coupled with retail network will achieve most aggressive cost of borrowing for State. • Does not expect to target institutional investors. • Significant State Co Manager experience with 7 series of bonds including 3 WV HEPC Bond issues and 4 WV EDA Lease Bond issues.

In addition to summarizing the content of the proposals PRAG also replicates and verifies all the proposed fees and borrowing costs using the same underlying assumptions with the only variables being the firms proposed fees and spreads. We prepare tables such as the one below that allows the State's decision makers to easily compare costs between firms.

STATE OF WEST VIRGINIA
WEST VIRGINIA LOTTERY REVENUE BONDS
Summary of Proposals for Senior Managing Underwriters
November 16, 2012

	BOA/ML	Citi	Crews	JP Morgan	Piper	RBC
Par Amount	20,760,000	22,305,000	23,470,000	20,365,000	23,380,000	21,190,000
Avg UD	$4.24	$3.00	$4.30	$2.36	$2.00	$3.00
AVG UD Exp	1.797	1.08	$0.15	$2.02	$0.71	$1.17
Total Spread $/1000	$6.04	$4.08	$4.45	$4.38	$2.71	$4.17
Total UD Cost	$116,416.20	$91,018.18	$104,441.50	$89,509.69	$65,260.00	$87,220.00
Underwriter Counsel	UC=$35,000	UC=$20,000	UC=$25,000	UC=$35,000	UC=$15,000	UC=$20,000
TIC	3.73%	3.53%	2.99%	3.69%	3.56%	3.61%
All-in TIC	3.81%	3.59%	3.03%	3.76%		3.68%

4.20 Advise the State of continuing disclosure requirements and best practices;

PRAG has assisted many of its State and governmental local clients with meeting their continuing disclosure obligations and implementing best practices as disclosures standards have evolved through the use of voluntary market disclosure using the Municipal Securities Rulemaking Board (MSRB) EMMA system. PRAG regularly monitors MSRB rules and industry whitepaper, such as the National Association of Bond Lawyers, National Association of Municipal Analysts, Government Financial Officers Association for best continuing disclosure best practices.

Marianne Edmonds, a Senior Managing Director of PRAG, is a member of the Board of Directors of the Municipal Securities Rulemaking Board. As a Board member, Ms. Edmonds provides PRAG a unique insight into state and national regulatory changes and best practices, which we share with our clients. .

An example of our work on continuing disclosure, in 2011, working with the Department of Administration, PRAG assisted the State of West Virginia with a comprehensive review of its continuing disclosure obligations on the EMMA system, reviewing disclosure agreements and surveying the State's postings on the EMMA system for the States' and State agencies' bond issues. Following the review, the State posted additional required disclosure information and developed a comprehensive list for future required disclosures.

Additionally, PRAG identified a potential opportunity to improve its continuing disclosure related to the Lottery and Excess Lottery secured bonds. Following recent investor inquires and questions from the rating agencies who are seeking information from the State on the effects of competition from other surrounding states, PRAG has suggested the State consider providing regular quarterly Lottery revenue updates on the EMMA system as an additional Voluntary Disclosure.

4.21 Advise the State on issuing, monitoring, revising and updating debt, swap and disclosure policies and options related to variable interest rate bonds and interest rate exchange agreements

PRAG has experience with all types of synthetic products--interest rate swaps, forward swaps, interest rate caps, collars and floors, swaptions and cross currency swaps. The professionals specializing in derivatives are unmatched in evaluating, negotiating and completing derivative transactions and are well versed in the most recently developed products and are active in the capital alternatives market. To that end, we have developed issuer guidelines for swaps as it is important to consider how these financial products relate to overall borrowing needs. Although derivatives can offer attractive savings, the complexity and risks of these transactions require a cautious and full evaluation of the options. We have developed state of the art computer models to determine swap rates, option values and termination values. The outputs from these models are used to compare the economics of the products to "natural" alternatives, adjusting for call features that may be available on bonds but not on swaps, and to determine the market pricing for the swaps on both competitive and negotiated transactions. In addition, our models determine a client's peak exposure to each of its counterparties so that the client can evaluate a counterparty risk in its swap portfolio. We also advise on the preparation of the documents to reduce risks and provide flexibility to the issuer and assist in determining the tax treatment of the cash flow.

PRAG has extensive analytical expertise in the area of municipal swaps and derivatives and we have developed analytical tools to assist our clients with monitoring and providing analysis with respect to swaps and derivative products. We have developed Excel based in-house software for pricing swaps and swaptions. The software uses industry standard methodology by creating the cash flows for the fixed legs and the floating legs of the swaps. The cash flows of the floating legs are based on forward yield rates that our model calculates based on live inputs from swap screens such as Tullet/Prebon and Swap PX available on Bloomberg. In addition to forward rates, the model calculates discount factors and then determines the swap rate that results in the present value of the fixed leg and present value of the floating leg being equal. The model takes into account day count, payment frequency, notional amortization and the index and formula used to calculate the floating rates. We also use proprietary software from Bloomberg to verify our models.

Public Resources Advisory Group

40 Rector Street, Suite 1600 • New York, New York 10006-2906 • (212) 566-7800

TO: West Virginia Parkways Authority (the "Authority")

FROM: Public Resources Advisory Group

RE: Quarterly Report on Interest Rate Swap Valuations and Risk Assessment as of March 31, 2013

DATE: April 17, 2013

Public Resources Advisory Group ("PRAG") is issuing this quarterly interest rate swap valuation and risk assessment report in order to assist the Authority monitor its outstanding interest rate swap agreement. This report includes the following: (i) description of each contract, (ii) determination of any amounts which were required to be paid and received during the quarterly period, (iii) assessment of the counterparty risk, termination risk and other risks, including counterparty exposure and value at risk, (iv) determination of compliance with counterparty rating requirements, (v) determination that each counterparty is in compliance with the downgrade provisions, if applicable, and (vi) calculation of mark to market for any posted collateral and measurement of the value against counterparty collateral requirements.

PRAG has conducted its quarterly review and analysis as of March 31, 2013 for the remaining $41,100,000 of swaps originally entered into on January 31, 2002 (the "Swap"), amended on July 2, 2008, related to the Authority's Series 2008 Parkway Refunding Revenue Bonds (the "Bonds").

On July 26, 2011 the Authority amended and restated the Bonds where the Authority entered into a direct purchase agreement with Wells Fargo Bank, National Association ("Wells Fargo") where Wells Fargo purchased the bonds through maturity and converted the Bonds to a LIBOR index rate. The LIBOR index rate varies by maturity and is the sum of a varying percentage of LIBOR plus a fixed spread. The percentage of LIBOR and fixed spread by maturity are as follows:

2008 Bond Number	Maturity Date	Principal (Par)	% of 1 Month LIBOR	Fixed Spread
Bond IR-1	5/1/2012	$4,700,000	67%	70 basis points
Bond IR-2	5/1/2013	$5,200,000	67%	78 basis points
Bond IR-3	5/1/2014	$5,200,000	67%	84 basis points
Bond IR-4	5/1/2015	$5,600,000	67%	95 basis points
Bond IR-5	5/1/2016	$5,900,000	67%	110 basis points
Bond IR-6	5/1/2017	$6,100,000	75%	85 basis points
Bond IR-7	5/1/2018	$6,400,000	80%	90 basis points
Bond IR-8	4/15/2019	$6,700,000	82%	95 basis points

Andrew Evanchik, proposed derivative specialist on the State's engagement, has been regularly monitoring the Parkway's Authority remaining $41,100,000 of interest rate swaps related to the Authority's original 2003 Parkway Refunding Revenue Bonds and has been working with the PRAG project managers to provide quarterly swap monitoring reports. Mr. Evanchik will continue to provide the West Virginia Parkway Authority a quarterly report. These quarterly reports include:

(i) description of the contract,
(ii) determination of any amounts which were required to be paid and received during the quarterly period,
(iii) assessment of the counterparty risk, termination risk and other risks, including counterparty exposure and value at risk,
(iv) determination of compliance with counterparty rating requirements,
(v) determination that each counterparty is in compliance with the downgrade provisions, if applicable, and
(vi) calculation of mark to market for any posted collateral and measurement of the value against counterparty collateral requirements.

In PRAG's independent financial review and analysis of the West Virginia Parkways, Economic Development and Tourism Authority, PRAG noted that the Authority did not have a formal swap policy. The Authority has an interest rate swap outstanding, associated with the Series 2003 Bonds. PRAG recommended that the Authority adopt a formal debt policy and a swap policy to both (i) frame the decision-making and parameters surrounding the future use of variable rate bonds and derivative products and (ii) improve its then current S&P swap credit score which affects its outstanding rating. PRAG project managers Tom

Huestis and Steve Goldfield then worked with the Authority to implement its "Interest Rate Exchange Agreement Policy" which was adopted in 2007.

4.22 Review the performance of verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers;

As stated previously, PRAG is a national firm working daily with some of the top issuers in the country. As such, we regularly work with and perform due diligence on a variety of market participants. As noted in 4.19, we review and analyze proposals prior to hiring firms and providers. We monitor developments concerning investment banks that could influence whether a firm should be selected to run a negotiated transaction and, when a firm is selected, ensure that a transaction runs smoothly. We routinely monitor the financial press and information services for articles and information about firms doing business with our clients for any developments that could affect their ability to perform, negatively or positively. This could include regulatory investigations or actions as well as potential changes in a firm's financial condition or credit position. During a transaction, we review all numbers and other materials prepared by the underwriter for accuracy and reasonableness. It is not unusual to catch mistakes and to identify alternatives that could lead to a more cost-effect transaction. Our approach is to be in contact with all participants in a transaction to ensure the best outcome for our clients. If our or our clients' experience with any service provider is subpar we remove them from our provider list and do not send them additional RFPs.

4.23 Assist the State in any response to inquiries or audits from any governmental entity;

Should the State have any inquiries or audits to respond to, PRAG would be willing to assist in any way requested.

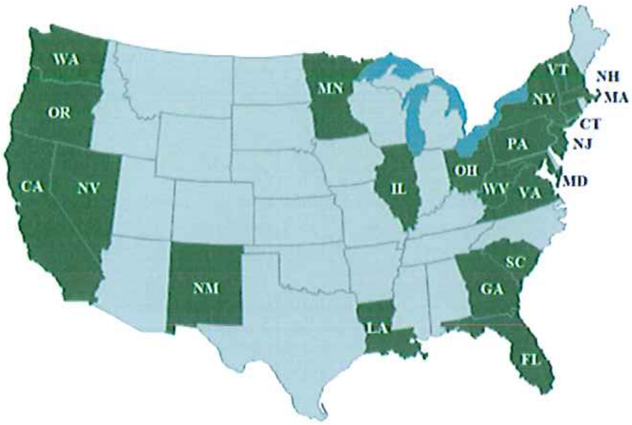
4.24 Perform other tasks consistent with the purpose of this Procurement as may be specified by the State including any other service necessary, customary, or incidental to the sale of the issuance of debt and the financing of projects.

We were hired as the State's first independent financial advisor as a result of a solicitation done in 2005. Over the past 8 years we have provided the State a broad range of financial advisory services, many of which did not fall within our standard scope of services but instead rose out of a specific need of the State. We adapted our services to meet the State's needs and have strived for excellence on all projects. We think of ourselves as part of the West Virginia team and it is a team we are proud to be a part of. We value the State's business and would be pleased to continue our relationship.

5. Mandatory Requirements.

5.1 As a firm, the Vendor must have performed work in a minimum of ten states;

PRAG currently serves as financial advisor in 21 states in addition to West Virginia. Since inception, we have performed work with more than sixty state-level authorities, states and agencies on the issuance of securities.



Current States served by PRAG shown in green.

5.2 The Vendor must have served as the Financial Advisor to a minimum of five states or municipalities with populations in excess of one million citizens;

PRAG is currently serving as financial advisor to all the States listed in the table below with populations in excess of one million citizens.

State	Population (as of July 1, 2012)
California	38,041,430
New York	19,570,261
Florida	19,317,568
Illinois	12,875,255
Georgia	9,919,945
Virginia	8,185,867
Minnesota	5,379,139
Connecticut	3,590,347
New Mexico	2,085,538
West Virginia	1,855,413
New Hampshire	1,320,718

5.3 The Vendor must have provided financial advice on over $50 billion dollars in debt issuances, including $10 billion since January 1, 2008;

PRAG has advised on over $140 billion in transactions since January 1, 2008. (see tables in 5.4 below)

5.4 The Vendor must have transaction experience with complex taxable and tax-exempt public financings;

Public Resources Advisory Group
Tax-Exempt Long-Term Municipal Issue Financial Advisory Rankings
Source: Thomson Reuters

Year	Par Value of Bonds ($'s in million)	Number of Issues	PRAG's FA Ranking
2008	$18,636.1	101	3
2009	$26,186.5	107	2
2010	$14,394.8	87	3
2011	$19,450.6	96	2
2012	$25,114.1	143	2
Total:	**$103,782.10**	**534**	

Public Resources Advisory Group
Taxable Long-Term Municipal Issue Financial Advisory Rankings
Source: Thomson Reuters

Year	Par Value of Bonds ($'s in millions)	Number of Issues	Firm Rank
2008	$1,668.4	15	2
2009	$16,302.5	65	1
2010	$16,696.9	78	2
2011	$1,404.2	23	5
2012	$1,361.2	23	3
Total:	**$37,433.20**	**204**	

5.5 The Vendor must have credit experience resulting in upgrades by rating agencies;

PRAG has provided rating agency and credit advice to a variety of PRAG clients who have been upgraded by one or more of the national rating agencies, including the State of West Virginia, which was upgraded in 2009, 2010 and 2011 by Moody's, Standard & Poor's and Fitch, respectively.

5.6 The Vendor must have no affiliation with any investment bank, commercial bank, or law firm.

PRAG is an independent financial advisory firm and does not have an affiliation with any investment bank, commercial bank or law firm.

REQUEST FOR PROPOSAL

RFP#: SEC136050

Attachment B: Mandatory Specification Checklist

Mandatory Requirements: Vendor must meet the following Mandatory requirements contained in Section Four, Subsection 5 and should provide documentation verifying compliance.

5.1 As a firm, the Vendor must have performed work in a minimum of ten states;

Vendor Response:

5.2 The Vendor must have served as the Financial Advisor to a minimum of five states or municipalities with populations in excess of one million citizens;

Vendor Response:

5.3 The Vendor must have provided financial advice on over $50 billion dollars in debt issuances, including $10 billion since January 1, 2008;

Vendor Response:

5.4 The Vendor must have transaction experience with complex taxable and tax-exempt public financings;

Vendor Response:

5.5 The Vendor must have credit experience resulting in upgrades by rating agencies;

Vendor Response:

5.6 The Vendor must have no affiliation with any investment bank, commercial bank, or law firm.

Vendor Response:

Public Resources Advisory Group meets and exceeds these specifications as outlined above. Please see section labeled: "5. Mandatory Requirements" in our technical response.

Thomas Huestis, Senior Managing Director ____________

Date: May 1, 2013

REQUEST FOR PROPOSAL

RFP#: SEC136050

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Public Resources Advisory Group, Inc
(Company)

Thomas F. Huestis, Senior Managing Director
(Representative Name, Title)

Phone: 610-565-5990 Fax: 610-565-4188
(Contact Phone/Fax Number)

5-2-13
(Date)

REQUEST FOR PROPOSAL

RFP#: SEC136050

Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

Separate

REQUEST FOR PROPOSAL

RFP#: SEC136050

Cost Sheet

Title	Estimated Hours (per year)	Billable Rate (per hour)	Total
Senior Advisor	1000 per year	$__________	$__________
Associate Advisor	1000 per year	$__________	$__________

Grand Total $______________

State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with ***West Virginia Code***, §5A-3-37. (Does not apply to construction contracts). ***West Virginia Code***, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the ***West Virginia Code***. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. N/A **Application is made for 2.5% resident vendor preference for the reason checked:**
Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**

2. N/A **Application is made for 2.5% resident vendor preference for the reason checked:**
Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

3. N/A **Application is made for 2.5% resident vendor preference for the reason checked:**
Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

4. N/A **Application is made for 5% resident vendor preference for the reason checked:**
Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or,**

5. N/A **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or,**

6. N/A **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. N/A **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Public Resources Advisory Group Signed: [signature]

Date: 5-2-13 Title: Senior Managing Director

RFQ No. SEC 1360504 4

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Public Resources Advisory Group, Inc.

Authorized Signature: [signature] Date: 5-2-13

State of New York

County of New York, to-wit:

Taken, subscribed, and sworn to before me this 26th day of April, 2013

My Commission expires August 6, 2013.

AFFIX SEAL HERE

NOTARY PUBLIC [signature]

Purchasing Affidavit (Revised 07/01/2012)

Notary Public, State of New York
No. 01LE6062300
Qualified in Kings County
Certificate filed in New York County
Commission Expires Aug. 6, 2013

CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Pubic Resources Advisory Group, Inc
(Company)

(Authorized Signature)

Thomas F. Huestis, Senior Managing Director
(Representative Name, Title)

610-565-5990 610-565-4188
(Phone Number) (Fax Number)

5-2-13
(Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: SEC1360050

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

[✓] Addendum No. 1	[ ] Addendum No. 6
[ ] Addendum No. 2	[ ] Addendum No. 7
[ ] Addendum No. 3	[ ] Addendum No. 8
[ ] Addendum No. 4	[ ] Addendum No. 9
[ ] Addendum No. 5	[ ] Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Public Resources Advisory Group
Company

Authorized Signature

5-2-13
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

MEMORANDUM TO:	All Employees of Public Resources Advisory Group
DATE:	February 1, 2013
SUBJECT:	[*ABRIDGED*] Benefits, Policies and Procedures for Employees

This memorandum describes benefits, policies and procedures for all employees of Public Resources Advisory Group ("PRAG" or the "Firm"). It is an employee's responsibility to read the memorandum in its entirety and to comply with all policies, procedures, and rules and regulations of PRAG at all times.

Benefits, Policies and Procedures for Employees Memorandum

All employees will be required to sign the Acknowledgement of Receipt of this Benefit, Policies and Procedures for Employees Memorandum. Such signature is a requirement of their employment.

Firm Rights to Modify Memorandum

Additional information regarding PRAG benefits, policies and procedures may be provided separately or issued from time to time and should be read in their entirety and followed. PRAG reserves the right to change any of its policies, procedures, rules or regulations, or employee benefit plans at any time, at the sole discretion of the management of PRAG (the "Management") to the extent allowed by applicable state and federal laws and regulations.

Equal Opportunity

Management believes that all persons are entitled to Equal Employment Opportunity and prohibits any form of discrimination against its employees or applicants for employment because of race, color, creed, religion, sex, age, marital status, partnership status, disability, national origin, ancestry, sexual orientation, gender identity, alienage, citizenship status, predisposing genetic characteristic, military status, or any individual's status in any group or class protected by applicable federal, state or local law or regulation. The Firm will attempt to provide accommodations to an employee who may request an accommodation based on disability or religious beliefs or practices, unless doing so will result in an undue hardship to the Firm.

Sexual and Other Forms of Unlawful Harassment

It is the policy of PRAG to maintain a work environment in which all individuals are treated with respect and dignity and which prohibits discriminatory practices, including sexual harassment and harassment based on race, color, religion, gender, national origin, sexual orientation, age, handicap, or disability, military status, or based on an individual's status in any group or class protected by applicable federal, state, or local laws. Harassment, whether physical, verbal, or environmental, is unacceptable and will not be tolerated by the Firm. The purpose of this policy against harassment is to educate employees about what may constitute harassment, to notify employees that the Firm will not condone or tolerate harassment, and to establish procedures which encourages anyone who feels they have been subjected to harassment to report such conduct to representatives of the Firm, who will investigate and respond to any report.

Definition Of Harassment Based On Race, Color, Religion Gender, National Origin, Age, Disability or Other Protected Class Status: Harassment is verbal or physical conduct that denigrates or shows hostility or aversion towards an individual because of his or her race, color, religion, gender, national origin, sexual orientation, age, handicap, disability, or other protected class status, or that of persons with whom the individual associates. For example, racial harassment includes harassment based on an immutable characteristic associated with race; religious harassment includes demands that an employee alter or renounce some religious belief in exchange for job benefits; and sexual harassment is defined more specifically below. It is the policy of the Firm to prohibit behavior which: (1) has the purpose or effect of creating an intimidating, hostile, or offensive work environment; (2) has the purpose or effect of unreasonably interfering with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities.

Definition Of Sexual Harassment: As defined by the courts and by the Equal Employment Opportunity Commission, sexual harassment includes unwelcome or unwanted sexual advances, requests for sexual favors, or any other verbal or physical conduct: (1) when an employee's submission to or rejection of this conduct affects decisions regarding hiring, evaluation, promotion or any other aspect of employment; or (2) when such conduct substantially interferes with an individual's employment or creates an intimidating, hostile or offensive work environment. The type of behavior described above as sexual harassment or harassment based on race, color, religion, gender, national origin, sexual orientation, age, handicap or disability is unacceptable not only in the workplace, but also in other work-related settings such as business trips or business-related social events.

Individuals Covered By This Policy: This policy covers all Firm officers and employees. Any type of harassment, whether engaged in by fellow employees, supervisors, or by non-employees with whom the employee comes into contact in the course of employment (such as, service providers or contractors), is contrary to this policy.

Reporting And Investigating A Complaint: The Firm encourages individuals who believe they are being discriminated against or harassed to firmly and promptly notify the alleged offender that his or her behavior is offensive or unwelcome. Whether or not an employee chooses to discuss the incident with the alleged offender, Management requests that individuals who believe they have been subjected to harassment or discrimination to report the incident to the Business Manager ("BM") or the Chairman or President. The Firm cannot fulfill its obligations, and meet its goal of creating and preserving a workplace free of discrimination and harassment, unless the proper representatives are notified.

Due to the sensitivity of these problems, we encourage prompt reporting of complaints so that rapid and appropriate action may be taken.

The Firm will not retaliate in any way against an individual who makes a report of perceived discrimination or harassment or who participates in an investigation; nor will it permit any supervisor or employee to do so. Retaliation is a serious violation of the Firm's harassment policy and anyone who feels he or she has been subjected to any retaliation should immediately report such conduct. Any person who retaliates against another individual for reporting any perceived acts of harassment will be subject to disciplinary action up to and including discharge.

All allegations of harassment will be promptly investigated. The Firm will endeavor to maintain confidentiality throughout the investigatory process to the extent practical and appropriate under the circumstances. The Firm, however, has a legal obligation to act on all information received if it believes an individual may be engaging in wrongful conduct or violation of law.

If the Firm finds that this harassment policy has been violated, the harasser will be subject to appropriate disciplinary action. Although the specific corrective and disciplinary actions against the alleged harasser will be within the Firm's discretion, it may include: verbal or written reprimand; referral to appropriate counseling; withholding of a promotion or bonus; reassignment; temporary suspension; and/or discharge.

The Firm recognizes that false accusations of harassment can cause serious harm to innocent persons. If an investigation results in a finding that the complainant knowingly, falsely accused another person of discrimination or harassment, the complainant will be subject to disciplinary action, up to and including discharge.

The Firm has developed this policy to ensure that all its employees can work in an environment free from sexual harassment and from harassment based on race, color, religion, gender, national origin, sexual orientation, age, handicap or disability or any other protected class status. We ask all employees to work with us to accomplish that goal.

[*Sections related to Benefits and Compensation deleted*]

Drug and Alcohol Free Workplace

It is the policy of PRAG to maintain a drug-free workplace. All employees should be advised that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in this organization's workplace. The Firm also prohibits employees from consuming alcoholic beverages on its premises, except where authorized by senior management, and from reporting to work (on the Firm's premises or elsewhere) under the influence of alcohol or drugs. Anyone who violates this policy will be subject to disciplinary procedures. If an employee of PRAG has a problem with substance abuse, assistance may be available under the Firm benefit plans.

Dress Code

All employees are to maintain a clean, neat, well-groomed and professional appearance at all times. Business attire is required if clients are being seen. In these cases, men are expected to wear suits and ties. Women are expected to wear suits, dresses or pant suits. Dark suits are preferred. If clients are not being seen, casual dress is permitted. In these cases, the same requirement for neat, professional appearance is required. No denims or twills, t-shirts, leggings, tank tops, stretch pants, micro-mini skirts, glitter, sequins, feathers, spike heels or other attire incompatible with a corporate environment will be allowed. Employees are encouraged to be prepared for unexpected client meetings requiring professional dress by maintaining a suit (and tie) at the office.

[*Sections related to Benefits and Compensation deleted*]

Electronic Information and Communications

The Firm's electronic communications systems and information systems, including, but not limited to, computers, voice mail, telephone, e-mail systems (including instant messaging), BlackBerrys, smart phones, networks, as well as the means of accessing such systems from outside terminals, all associated software or hardware, any on-line services, e-mail accounts, or any internet sites maintained for the Firm or a customer of the Firm, all communications and information transmitted by, received from, entered into, or stored in these systems or locations, including, but not limited to, data, files, or messages, should be used only for business purposes. Any use of such systems by an employee constitutes consent by the employee to the inspection, search or monitoring of the employee's use of the system by the Firm.

In addition, employees should have no expectation of privacy with respect to their use of the Firm's electronic communications and information systems, including any message, file, data, document, facsimile or any other form of information transmitted to, received from, or stored on any electronic communication or information system owned, leased, used, maintained, moderated or otherwise operated by the Firm or its customers, vendors or suppliers. The use, creation or change of any password, pass code or any method of encryption, or the capacity to delete or purge files or messages, whether authorized by the Firm, similarly, shall not be understood to give an employee any exception of privacy in such item.

The Firm may access its electronic communications and information systems and obtain the communications within these systems, with or without notice to users of the systems, when Management deems it appropriate to do so. The reasons for which the Firm may obtain such access include, but are not limited to: maintaining the systems, preventing or investigating allegations of system abuse or misuse; assuring compliance with software copyright laws; complying with legal and regulatory requests for information; investigation of possible Firm policy violations; insuring that the Firm's operations continue to appropriately during an employee's absence, and any other purpose deemed appropriate by the Firm.

All system passwords must be available to management and the information technology department ("IT") and no employee may use passwords that are unknown to the Firm or IT. Except as otherwise described in this policy, no employee may access, or attempt to obtain access to another individual's hard copy or electronic communications without appropriate authorization. All pass codes, passwords and encrypted information are the property of the Firm. No employee may use a pass code, password or method of encryption that has not been issued to the employee or that is not made known in advance to the Firm.

The equipment, services and technology provided to access the Internet or other electronic communication devices remain at all times the property of the Firm. The Firm expressly prohibits the unauthorized use, installation, downloading, copying or distribution of copyrighted, trademarked, or patented material on the Internet or any software or hardware on the Firm's systems.

The Firm's Equal Opportunity, Sexual Harassment and Anti-Harassment policies (collectively the "Anti-Discrimination Policies") in their entirety apply to the use of our electronic communications systems. No one may use electronic communications in a manner that may be construed by others as contravening the Anti-Discrimination Policies.

Since our electronic communications and information systems are for business use, these systems may not be used to solicit for any causes, including but not limited to religious or political causes, outside organizations or other or other personal matters unrelated to the Firm's business, except as prohibited by law. All e-mail messages are the Firm's records and property and, as such, may be disclosed or used by the Firm without the employee's permission. Therefore, employees should not assume that any e-mail or hard copy correspondence is "private," even if the employee labels the message or correspondence as such.

In using internal or external e-mail, as with any other form of electronic communication, employees must maintain security and confidentiality of all information that is sensitive, personal and/or proprietary to the Firm, its clients, suppliers, vendors, and employees (and/or their dependents if applicable), in accordance with this policy and any other Firm policy concerning the confidentiality and security of information. All employees should take caution to the sensitivity of information before transmission of external electronic communications. When in doubt, use an alternate method of transmission.

The Firm's electronic communications and information systems are provided primarily for the job related and approved for other business purposes. The Firm does recognize, however, that as with the Firm's telephone system, employees may from time to time utilize these systems for non-business related purposes. Such use is acceptable if kept to a minimum, if it does not interfere with work performance, and if it does not involve any inappropriate activity including, but not limited to:

- sending or receiving, or encouraging the sending or receipt of, communication possibly violating the Firm's Anti-Discrimination Policies, including but not limited to information of a racist, sexual, religious, ethnic or otherwise offensive or inappropriate nature;

- identifying the user as an employee of the Firm (except to the limited extent such information is apparent from the user's domain name);

- commenting on or discussing Firm business or customers of the Firm;

- downloading or sending outside the Firm confidential information of the Firm without prior permission from the employee's supervisor;

- sending any derogatory statement regarding another individual or firm; or

- sending or receiving, or encouraging the sending or receipt of, any type of pornography or "adults only" material.

The restrictions and limitations established in this policy apply equally to any remote or off-site use of Firm's information systems, including, but not limited to, all software and equipment referenced in this policy.

<u>Data Rights</u>

All data and all work product produced in the course of employment or by contractors shall be the sole property of PRAG. Employees and contractors hereby acknowledge that all data and work product information including, without limitation, computer programs, computer codes and software, produced in the course of employment or by contract for PRAG and PRAG's clients are works made for hire and are the sole property of PRAG; but, to the extent any such data may not, by operation of law, be works made for hire, employees hereby transfer and assign to PRAG the ownership of copyright in such works, whether published or unpublished.

<u>Confidentiality Policy</u>

Employees of PRAG are required to sign a Confidentiality Agreement and to abide by the confidentiality policy.

<u>Code of Ethics Policy</u>

Employees of PRAG are required to sign a Code of Ethics Policy and to abide by the policy.

<u>Conflict of Interest Policy</u>

PRAG expects its employees to conduct business according to the highest ethical standards of conduct and to devote their best efforts to the interests of PRAG. All employees must avoid any actions that could create a conflict of interest or the appearance of such a conflict or reflect unfavorably on them or on the Firm.

Most municipalities, states and government agencies have policies limiting public employee's acceptance of gifts from companies with which the municipality, state, or agency does business. For instance, the City of New York strictly limits the annual total value of gifts a public employee can receive to $50.00. PRAG requires its employees to adhere to this regulation and encourages them to refrain from making gifts to public employees or making campaign contributions to elected officials altogether.

Political Contribution Policy

Pursuant to a resolution adopted by the Board of Directors on October 1, 1993, PRAG does not contribute to political activities, including political campaigns, of elected officials for elected offices. In addition, PRAG employees must follow the guidelines of MSRB, Rule G37 regarding individual contributions, which generally prohibit contributions to issuers and political parties of states and political subdivisions unless the contribution is for an issuer for whom such person is entitled to vote and the contributions by such person to such official of an issuer, in total, do not exceed $250 per election. The purpose of this policy is to avoid any appearance of conflicts of interest with PRAG's current or prospective clients. Please see the MSRB, Rule G37 for additional information. If an employee has any questions regarding this directive, please contact the Chairman or the President.

Contributions.

PRAG and PRAG professionals shall not make contributions, donations, pay for sponsorships or give anything else of value to charitable or professional organizations that are: i) aimed at influencing decision-making or making a client feel beholden to such person or to PRAG or ii) so frequent, extensive or overly generous as to raise any question of propriety. Nothing in the foregoing shall prevent any professionals at PRAG from making contributions or donations on their individual behalf, provided that such contributions or donations are not intended to influence the decision-making process or make a client or potential client feel beholden to such person or to PRAG.

PRAG professionals, prior to making any contribution or paying for any sponsorship, must obtain preapproval by two of the following: the Chairman, President or Executive Vice President using the form "PRAG's request for contribution or Sponsorship", which must be submitted to all three of the foregoing as well as to the firm's Chief Compliance Officer.

If as a result of a proposed contributions or sponsorship, PRAG will receive something of value, such as a table at or admission to an event that includes meals, or entertainment of any kind, and the value is expected to inure to clients or potential clients (such as invitees to the table that is purchased), such invitations shall be reviewed under the firm's Gifts and Gratuities policy separately for compliance with PRAG's Code of Ethics.

Press Statements

PRAG employees should not talk to the press unless a client specifically requests it. If a reporter calls, ask the receptionist to take a message, simply do not return the call, unless requested by the client or approved by the Chairman or President regarding PRAG's business. It is extremely important that we adhere to this long-standing PRAG policy. If an employee has any questions or concerns relating to the appropriateness of a statement, please consult with the Chairman or President prior to making any statement.

1/23/2012

CODE OF ETHICS

Public Resources Advisory Group, Inc.

January, 2012

TABLE OF CONTENTS

I. GENERAL PRINCIPLES

Public Resources Advisory Group, Inc. (the "Adviser") has an overarching fiduciary duty to its investment advisory clients and it is the obligation of the Adviser's personnel to uphold that fundamental duty. The Adviser believes the following principles ("General Principles") are a significant component of maintaining an ethical culture:

Supervised Persons of the Adviser must at all times place the interests of clients first and should not take inappropriate advantage of their positions.

- All personal securities transactions should be conducted in such a manner as to be consistent with this Code of Ethics and to avoid any actual or potential conflict of interest or any abuse of a Supervised Person's position of trust and responsibility.
- Information concerning the identity of security holdings and financial circumstances of clients is confidential.
- Our independence in the investment decision-making process is paramount.

The General Principles discussed in this section govern all aspects of the Adviser's and its employee's business conduct, whether or not the conduct also is covered by more specific standards and procedures set forth below. This Code of Ethics applies to all Supervised Persons of the Adviser.

Failure to comply with this (or any separately maintained policies and procedures referred to by this Code of Ethics) may result in disciplinary action, including termination of employment.

For additional information about this Code of Ethics or any other ethics-related questions, please contact the following individual:

THOMAS HUESTIS 610-565-5990

II. DEFINITIONS

"Access Person" shall mean any Supervised Person who has access to nonpublic information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any client and any Supervised Person who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic, including portfolio managers, analysts and traders. All directors, officers and partners of each Adviser are presumed to be Access Persons.

"Chief Compliance Officer" shall mean the compliance officer appointed by the Adviser and any of his or her designees who must be an officer or partner.

"Supervised Person" shall mean any director and officer of the Adviser (or other persons occupying a similar status or performing similar functions), employees of the Adviser, and any other person who provides advice on behalf of the Adviser and is subject to the Adviser's supervision and control. For the avoidance of doubt, depending on the circumstances, any of the following may be a Supervised Person: temporary workers; consultants; independent contractors; certain employees of affiliates; or particular persons designated as such by the Chief Compliance Officer. All Access Persons are Supervised Persons.

III. STANDARDS OF BUSINESS CONDUCT

The Adviser has adopted standards of business conduct to be upheld by each Supervised Person. These standards of business conduct and the General Principles outlined above reflect the principles underlying each Supervised Person's fiduciary obligation to the Adviser's clients.

1. Compliance with Laws and Regulations.

Supervised Persons must comply with applicable federal securities laws. Supervised Persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

To defraud such client in any manner;

To mislead such client, including by making a statement that omits material facts;

To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;

To engage in any manipulative practice with respect to such client; or

To engage in any manipulative practice with respect to securities, including price manipulation.

2. Conflicts of Interest.

As a fiduciary, the Adviser has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Compliance with this duty will be best achieved by trying to avoid conflicts of interest and, if unavoidable, by fully disclosing to the Chief Compliance Officer all material facts concerning any conflict that does arise with respect to any client and, as appropriate, following policies and procedures designed to limit the impact of the conflict on any affected client. Individuals subject to this Code of Ethics are strongly encouraged to avoid situations that have even the appearance of conflict or impropriety.

Conflicts Among Client Interests. Conflicts of interest may arise where the Adviser or its Supervised Persons have reason to favor the interests of one client over another client (that is, larger accounts over smaller accounts, accounts of close friends or relatives of Supervised Persons). Inappropriate favoritism by a Supervised Person of one client over another client that would constitute a breach of fiduciary duty is prohibited.

Competing with Client Trades. Access Persons are prohibited from using knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities.

Disclosure of Personal Interest. Supervised Persons are prohibited from recommending, implementing or considering any securities transaction for a client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates, to the Chief Compliance Officer, or his designee. If the Chief Compliance Officer or his designee deems the disclosed interest to present a material conflict, the Supervised Persons may not participate in any decision-making process regarding the securities of that issuer.

Referrals/Brokerage. Supervised Persons must act in the best interests of the clients regarding execution and other costs paid by clients.

Vendors and Suppliers. Supervised Persons must disclose any personal investments or other interests in vendors or suppliers with respect to which the person negotiates or makes decisions or recommendations on behalf of the Adviser. Supervised Persons with such interest are prohibited from negotiating or making decisions or recommendations regarding the Adviser's business with those companies, within the discretion of the Chief Compliance Officer.

No Transactions with Clients. Supervised Persons are not permitted to knowingly sell to or purchase from a client any security or other property.

3. Insider Trading.

Supervised Persons are prohibited from trading either personally or on behalf of others for any client account or any other account, while in possession of material, nonpublic information. Personnel are also prohibited from communicating material, nonpublic information to others in violation of the law.

4. Gifts and Entertainment.

A conflict of interest occurs when the personal interests of a Supervised Person interferes or could potentially interfere with such Supervised Person's responsibilities to the Adviser and its clients. Supervised Persons should not accept inappropriate gifts, favors, entertainment, special accommodations or other things of material value that could influence their decision-making or make them feel beholden to a person or firm. Similarly, Supervised Persons should not offer gifts, favors, entertainment or other things of value that could be viewed as overly generous or aimed at influencing decision-making or making a client feel beholden to the Adviser or a Supervised Person.

> *Gifts*. No Supervised Person may receive any gift, service or other thing of more than *de minimis* value from any person or entity that does business with or on behalf of the adviser. No Supervised Person may give or offer any gift of more than *de minimis* value to existing clients, prospective clients or any entity that does business with or on behalf of the adviser without pre-approval by the Chief Compliance Officer or his designee. For the purposes of this Code of Ethics, "more than *de minimis* value" shall mean any gift in excess of a value of $100 per year.
>
> *Cash*. No Supervised Person may give or accept cash gifts or cash equivalents to or from a client, prospective client or any entity that does business with or on behalf of the adviser.
>
> *Meals*. Meals are permitted if in connection with providing ongoing financial advisory services,
>
> *Entertainment*. Supervised Persons may provide or accept a business entertainment event, such as dinner or a sporting event of reasonable value, if the person or entity providing the entertainment is present. All Supervised Persons must maintain with their supervisor a log of their business entertainment events (whether or not hosted by the Supervised Person).
>
> *Solicited Gifts*. Supervised Persons are prohibited from soliciting (for themselves or the Adviser) gifts or anything of value. This prohibition extends to a Supervised Person's using his or her position with the Adviser to obtain anything of value from a client, supplier, person to whom the Supervised Person refers business or any other entity with which the firm does business.
>
> *Referrals*. Supervised Persons may not make referrals to clients (that is, of accountants, attorneys or the like) if the Supervised Person expects to benefit in any way.
>
> *Government Officials*. Supervised Persons must note that certain laws or rules in various jurisdictions may prohibit or strictly limit gifts or entertainment extended to public officials. For detailed information on such limitations please contact the Chief Compliance Officer.

5. Political Contributions.

Supervised Persons are prohibited from making political contributions for the purpose of obtaining or retaining advisory contracts with government entities. In addition, Supervised Persons are prohibited from considering the Adviser's current or anticipated business relationships as a factor in soliciting political donations.

6. Confidentiality.

Supervised Persons must keep all information about clients (including former clients) in strict confidence, including the client's identity (unless the client consents), the client's financial circumstances, the client's security holdings and advice furnished to the client by the Adviser.

7. Service on a Public Company Board of Directors.

The Adviser does not permit Supervised Persons to be directors of publicly traded companies, except with the approval of the Chairman and the Chief Compliance Officer.

8. Other Outside Activities.

The Adviser discourages Supervised Persons from engaging in outside business or investment activities that may interfere with their duties with the Adviser. Any outside business affiliations, including directorships of private companies, consulting engagements or public positions, are prohibited without the prior written approval of the Chief Compliance Officer or his designee. Regardless of whether an activity is specifically addressed in these policies, Supervised Persons should disclose to the Chief Compliance Officer or his designee any personal interest that might present a conflict of interest or harm the reputation of the Adviser.

9. Marketing and Promotional Activities.

All oral and written statements, including those made to clients, prospective clients, their representatives or the media, must be professional, accurate, balanced and not misleading in any way.

IV. ADMINISTRATION AND ENFORCEMENT OF THE CODE

1. Annual Certification of Compliance.

All Supervised Persons are required to certify in writing on the form attached as Exhibit A that they have: (a) received a copy of this Code of Ethics; (b) read and understand all provisions of this Code of Ethics; and (c) agreed to comply with the terms of this Code of Ethics. Supervised Persons will be notified of any amendments to this Code of Ethics. All Supervised Persons must annually renew their certifications.

2. Training and Education.

The Chief Compliance Officer is responsible for training and educating Supervised Persons regarding this Code of Ethics. Such training will occur periodically, and Supervised Persons directed to attend a particular session are required to attend that session and/or read any applicable materials. Reasonable scheduling accommodations will be made for travel and other appropriate grounds in the discretion of the Chief Compliance Officer.

3. Annual Review.

The Chief Compliance Officer will review at least annually the adequacy of this Code of Ethics and the effectiveness of its implementation. Such review will include a report to the Adviser's senior management.

4. Records.

Records regarding this Code of Ethics will be kept by the Chief Compliance Officer.

5. Reporting Violations.

All Supervised Persons must report violations of this Code of Ethics promptly to the Chief Compliance Officer. Such reports will be treated confidentially to the extent permitted by law and investigated promptly and appropriately. Retaliation against an individual who reports a violation is prohibited and constitutes a further violation of this Code of Ethics.

6. Sanctions.

A violation of this Code of Ethics may result in any disciplinary action that the Chief Compliance Officer deems appropriate, including but not limited to a warning, fines, disgorgement, suspension, demotion or termination of employment. In addition to sanctions by the Adviser, violations may result in referral to civil or criminal authorities where required or otherwise appropriate.

7. Contacts for Further Information Regarding the Code.

For additional information about this Code of Ethics or any other ethics-related questions, please contact any of the individual identified on page 1 of this Code of Ethics.

PUBLIC RESOURCES ADVISORY GROUP, INC.

CODE OF ETHICS

I hereby certify that: (Name)

I have received a current copy of the Code of Ethics and have read and understand the Code.

I recognize that I am subject to the Code of Ethics and certify that I have complied with the requirements of the Code.

____

Name:

Date:________________