

**RHODE ISLAND HEALTH AND EDUCATIONAL
BUILDING CORPORATION**

MEETING OF THE BOARD OF DIRECTORS

June 10, 2010

A Meeting of the Board of Directors of the Rhode Island Health and Educational Building Corporation was held on **Thursday, June 10, 2010 at 5:30 p.m.**, at the Corporation's office, 170 Westminster Street, Suite 1200, Providence, RI 02903.

Directors present: James Salome, Chairman; Ralph Ezovski, Vice Chairman; John Bentz, Treasurer; Terrance Biafore, Jr., Secretary

Also present: Robert E. Donovan, the Corporation's Executive Director; Peter Scoliard and June Matte from Public Financial Management, Inc., Maureen Gurghigian from First Southwest Co., the Corporation's Financial Advisors; James McGuirk from Edwards Angell Palmer & Dodge LLP, Normand Benoit from Partridge, Snow & Hahn LLP, Paul Campellone from Adler Pollock & Sheehan P.C., Adam Gwaltney from Hinckley Allen & Snyder LLP, the Corporation's Bond Counsel and Antonio Afonso, Jr., Esq. from Moses Afonso, LTD, the Corporation Counsel.

1. A) TO APPROVE THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON MAY 13, 2010

It was unanimously voted upon motion by Mr. Biafore, seconded by Mr. Bentz to approve the Public Session Minutes of the Regular Meeting of May 13, 2010.

B) TO APPROVE A MOTION TO KEEP PRIOR EXECUTIVE SESSION MINUTES CONFIDENTIAL

It was unanimously voted upon motion by Mr. Ezovski, seconded by Mr. Biafore to approve and make the Executive Session Minutes of the Meeting held on May 20, 2010 Public.

2. TO REVIEW THE EXECUTIVE DIRECTOR'S REPORT

A) Mr. Donovan asked Mr. Benoit to provide an update on the Landmark Medical Center Receivership and then asked Mr. Afonso to update the Board of Directors on the City of Central Falls Receivership.

Mr. Benoit reported that following the filing of an Objection by RIHEBC, the parties agreed and the Court approved the redemption of the Bonds and a partial payment of \$75,000 to RIHEBC. The bond issue was redeemed on Wednesday, June 9, 2010 and RIHEBC no longer has this issue outstanding.

Mr. Afonso reported that the Objection to the City of Central Falls Receivership was filed, but the hearing was postponed until next week. The State asked for the delay so that legislation in the General Assembly will have an opportunity to be approved which would allow for a state-controlled Receivership.

B) Mr. Donovan presented the request from Partridge Snow & Hahn and the complexity of the transaction. It was recommended that the Board approve the request. It was unanimously voted upon motion by Mr. Bentz, seconded by Mr. Biafore to approve the additional payment subject to New England Institute of Technology not objecting.

3. TO REVIEW THE FINANCIAL ADVISOR'S REPORT

Ms. Gurghigian provided reports on the recent bond issues for the Board of Governors and the Qualified School Construction Bond issued for the Chariho Regional School District, City of Warwick and Town of Westerly.

Ms. Matte stated the Final Sales report for the New England Institute of Technology bond issue will be ready for the next meeting, but said the School was very satisfied with the results.

Following the reports of the Financial Advisors, a discussion took place concerning the process used to determine recommending a project for approval.

Mr. Bentz expressed the Board's concerns in light of the recent Receivership of two borrowers and what process was in place to determine if a project was financially feasible before it was recommended.

Ms. Gurghigian explained the process which initially involves an analysis of the borrowers' financial statements and a determination of its debt service capacity. In addition, comparisons are made to national standards created by the rating agencies who evaluate the credit themselves. There may also be credit evaluation by bond insurers who would be at risk to pay the bonds if the borrowers default. Also, if the borrower is a municipality, there is the General Obligation pledge of it to raise taxes if needed.

Mr. Bentz appreciated all of the work involved in the process and the evaluation that has taken place previously, but in the current economic situation, there may need to be additional analysis or another step in the process before a project is approved.

Chairman Salome thanked everyone for their input and requested that an evaluation of the approval process be conducted by the staff and that a proposal reflecting the Board's concerns be presented at the next meeting for the Board's review.

4. A) TO ADOPT A CORPORATION BUDGET FOR THE FISCAL YEAR 2011

Mr. Donovan presented the projected financial results for the Corporation for the FY 2010 period and the proposed Budget for FY 2011.

The Corporation completed 9 financings for the fiscal year totaling \$287 million. Due to the unanticipated increase by \$500,000 of the appropriation by the State and low levels of interest income, the Corporation will have a negative income of approximately \$645,000. Operational Expenses for the year were actually lower than budgeted but the low interest income from both loans and investments offset the savings.

The Budget for FY 2011 based on less financings shows reduced expenses and income, but should result in positive net income. There is however the possibility that the State could appropriate additional funds when they return. Mr. Donovan requested that the Board adopt the Budget for FY 2011. It was unanimously voted, upon motion by Mr. Biafore, seconded by Mr. Bentz to adopt the Budget as presented.

B) DESIGNATION OF FUND BALANCES

Mr. Donovan stated that prior to the end of each Fiscal Year the Board designates specific purposes for the Corporation's funds. Based upon the anticipated income for this Fiscal Year, it is requested that the Board considers the Designation of Funds. It was unanimously voted, upon motion by Mr. Bentz, seconded by Mr. Ezovski to approve the designation of funds as proposed.

5. TO ACCEPT AN APPLICATION FROM THE TOWN OF NORTH SMITHFIELD AND APPOINT BOND COUNSEL AND A FINANCIAL ADVISOR

Mr. Donovan stated that the Corporation received an application from the Town of North Smithfield for a bond issue. It is requested that the Board accept the application. It was unanimously voted upon motion by Mr. Ezovski, seconded by Mr. Bentz, to accept the application from the Town of North Smithfield.

Mr. Donovan requested that the Board appoint Hinckley Allen & Snyder LLP as Bond Counsel for the Town of North Smithfield bond issue. It was unanimously voted upon motion by Mr. Bentz, seconded by Mr. Ezovski, to appoint Hinckley Allen & Snyder LLP as Bond Counsel for the Town of North Smithfield bond issue.

Mr. Donovan requested that the Board appoint First Southwest Company as a Financial Advisor for the Town of North Smithfield bond issue. It was unanimously voted upon motion by Mr. Ezovski, seconded by Mr. Bentz, to appoint First Southwest Company as a Financial Advisor for the Town of North Smithfield bond issue.

6. TO GRANT PRELIMINARY APPROVAL FOR THE PENNFIELD SCHOOL

Mr. Scoliard presented the Preliminary Approval Memorandum for The Pennfield School bond issue. It was unanimously voted upon motion by Mr. Bentz, seconded by Mr. Ezovski, to grant Preliminary Approval for The Pennfield School bond issue.

7. **TO CONSIDER ANY OTHER BUSINESS TO COME PROPERLY BEFORE THE BOARD**

There being no other business to come before the Board, it was unanimously voted upon motion by Mr. Bentz, seconded by Mr. Ezovski, to adjourn at 6:10 p.m.

Submitted