

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

May 26, 2005

PUBLIC SESSION

A meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation ("RIIFC") was held in public session at the offices of RIIFC, One West Exchange Street, 5th Floor, Providence, Rhode Island, on Thursday, May 26, 2005 beginning at approximately 9:00 a.m., pursuant to a notice and agenda duly posted and sent to all members.

Members present throughout the meeting were Mr. Edward Rendine, Mr. George Mason, Mr. Philip Rivers and Mr. William Parsons. Mr. Raymond Fogarty was absent from the meeting. Also present and participating were Mr. Earl Queenan, Executive Director, Jr., Treasurer of RIIFC, Mr. Anthony Scolavino, Secretary of RIIFC and Ms. Philomena Teixeira, Loan Servicing Specialist for RIIFC and Ellen M. Corneau, Esquire, bond counsel to RIIFC along with Denise Marshall, Legal Assistant for bond counsel. Mr. Rendine presided and called the meeting to order.

MINUTES OF THE MAY 26, 2005 BOARD MEETING

The first item to come before the Board in Public Session was consideration of the Minutes for the Board meeting held on April 21, 2005 (the "April 21st Minutes").

Mr. Philip Rivers made a motion to accept the April 21st Minutes and to maintain the Executive Session portions of the April 21st Board Meeting as confidential.

Mr. George Mason seconded the motion, which passed as follows: Mr. Edward Rendine - yes; Mr. Philip Rivers - yes, Mr. George Mason-yes, and Mr. William Parsons passed because he was not present at the April 21st meeting.

CONSIDERATION OF AN AUTHORIZING RESOLUTION FOR THE BENEFIT OF BULLARD ABRASIVES, INC.

The second item to come before the Board in Public Session was consideration of an Authorizing Resolution for the benefit of Bullard Abrasives, Inc. (the "Bullard").

Ms. Corneau explained that this is the final approving resolution for the inducement resolution that was passed on February 24th. This is a \$3,000,000 tax-exempt industrial development revenue bond for the benefit of Bullard Abrasives, Inc. This will help the finance the acquisition of land and a facility thereon, the renovation and equipping of that facility and bond issuance costs at 6 Carol Drive, Lincoln, Rhode Island. The Obligor is a manufacturer of abrasive grinding and cutting wheels for power tools. This transaction is structured such that the Obligor is going to hold title and lease to RIIFC and RIIFC is going to lease it back to the Obligor. Under a financing lease, the bonds will be privately placed and purchased by Danvers Savings Bank. There is no letter of credit or other enhancement but Danvers Savings Bank bears all the risk on the bonds. Mr. Rendine asked if there is a holder. Ms. Corneau stated that there is an existing mortgage that Obligor wants to make use of

without reissuing a title. Ms. Corneau stated that Bullard will lease to RIIFC and RIIFC will lease back to Bullard. Ms. Corneau explained that the Division of Taxation and the RIIFC statute mandate that in order to be eligible for the sales tax-exemption on the building materials that it be a project of RIIFC. It is clearly a project of RIIFC when RIIFC holds title. We have recently within the last six years gotten letter rulings from Division of Taxation when obligors have complained about giving up title for accounting purposes. The Division of Taxation have allowed a lease lease-back and still the obligor is eligible for the sales tax. RIIFC has to be somewhere in the chain of title for sale tax purposes.

Mr. William Parsons made a motion to the resolution. Mr. Philip Rivers seconded the motion, which passed unanimously as follows: Mr. William Parsons - yes; Mr. George Mason – yes; Mr. Philip Rivers - yes; and Mr. Edward Rendine - yes.

ACKNOWLEDGEMENT

Mr. Scolavino notified the Board that today was Ms. Philomena Teixeira's last day working with RIIFC. She will be leaving to join Bank of America as an Associate in Small Business Client Relationship. We would like to wish her the best!

ADDITIONAL BUSINESS

(There was no additional business)

EXECUTIVE SESSION

(There was no executive session)

ADJOURNMENT

Mr. George Mason made a motion to adjourn the meeting. Mr. Philip Rivers seconded the motion, which was passed unanimously as follows: Mr. Philip Rivers - yes; Mr. George Mason - yes; Mr. William Parsons - yes; and Mr. Edward Rendine - yes.

_____ **Anthony**
Scolavino, Secretary

SECRETARY'S CERTIFICATE

I, Anthony Scolavino, Secretary of the Rhode Island Industrial Facilities Corporation, hereby certify that attached hereto is a true and accurate copy of the minutes of the meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation held on May 26, 2005. These minutes were approved by the Board of Directors at a meeting held on June 23, 2005.

_____ **Anthony Scolavino,**
Secretary