

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC FINANCE MANAGEMENT BOARD**

MEETING OF BOARD MEMBERS

June 17, 2004

A meeting of the members of the Public Finance Management Board (the "Board") was held on Thursday, June 17, 2004 at 3:00 p.m. in Room 102, State House, Providence, Rhode Island pursuant to duly posted public notice of the meeting and notice duly given to all members.

Members Present: Ms. Joan M. Caine, Deputy Treasurer for Finance, Designee of Paul J. Tavares, General Treasurer and Chair
Mr. George Welly, Designee of Ms. Rosemary Booth Gallogly
Senator David E. Bates

Members Absent: Senator Daniel DaPonte
Representative Bruce J. Long
Mayor A. Ralph Mollis
Mr. Lincoln Mossop

Also present were: Sandra Matrone Mack, Esq., Legal Counsel and other members of the Treasurer's Staff.

There being a quorum present, Ms. Caine called the meeting to order at 3:10 p.m.

Public Finance Management Board Minutes. Sen. Bates moved, Mr. Welly seconded and the following motion was passed unanimously. The following members voted in favor: Sen. Bates, Mr. Welly and Ms. Caine.

VOTED: To approve the Minutes of the March 18, 2004 Regular Meeting.

Private Activity Bond Allocation Request

Henry Birks & Sons US, Inc. ("Birks"). Ms. Philomena J. Texeira, Financial Program Administrator of the Rhode Island Industrial Facilities Corporation ("RIIFC") represented Birks in connection with this request. She noted that Birks is a Canadian retailer, designer and manufacturer of fine jewelry, timepieces, sterling silverware and gifts. Birks also provides other services such as repairs and appraisals. Birks' operations include retail stores, a corporate sales division, a design studio and manufacturing facilities with 1,000 employees and 38 stores across the country. Birks has been in business for 125 years.

The facility Birks intends to purchase consists of 19,200 square feet on approximately four acres of land located at 41 Century Drive, Woonsocket, RI. Birks recently signed a lease with Scojen Limited Partnership for the facility, with an option to purchase. The purchase price is \$1,450,000. Peter M. Scotti & Associates performed an appraisal of the property and lists the value at \$1,500,000. Birks projects that 75-100 employees will be hired within three years. The financing for this acquisition will be through two tax-exempt bonds, which will be privately purchased by Scojen Limited Partnership.

The Woonsocket location will be the company's first manufacturing facility in the United States. In 2002, Birks made an investment of \$15 million in Mayor's Jewelers Inc. Birks US facility will be developed into the cornerstone of Birks and Mayor's manufacturing and distribution focusing on silver, gold and platinum jewelry production. The business plan and strategy is to develop a vertical integration infrastructure which will sell only to Birks and Mayor's, eliminating the need for these companies to purchase from third parties.

Ms. Texeira noted that the amount of the volume cap requested in RIIFC's original application was \$1,450,000 based upon the application and approval from RIIFC and IRBA. Ms. Texeira amended the request during her presentation to \$1.3 million if the remaining \$150,000 were issued in taxable bonds. Ms. Mack requested that Ms. Texeira submit a new application for the corrected amount of volume cap requested if the amount changed to \$1.3 million.

Sen. Bates moved, Mr. Welly seconded and the following motion was passed unanimously. The following members voted in favor: Sen. Bates, Mr. Welly and Ms. Caine.

VOTED: To approve an allocation of volume cap in the amount of up to \$1,300,000 upon receipt of an amended application from RIIFC/IRBA for \$1,300,000 to the Rhode Island Industrial Facilities Corporation for Henry Birks & Sons US, Inc. to purchase property located at 41 Century Drive, Woonsocket, Rhode Island for a US based manufacturing facility.

Sen. Bates moved, Mr. Welly seconded and the following motion was passed unanimously. The following members voted in favor: Sen. Bates, Mr. Welly and Ms. Caine.

VOTED: To adjourn the meeting.

There being no further business, the meeting was adjourned at 3:20 p.m.

Respectfully submitted,

Paul J. Tavares
General Treasurer

Bruce J. Long
Secretary

EXHIBIT A

2004 Allocation Resolution No. 3

WHEREAS, the Public Finance Management Board (the "Board") has been created pursuant to the provisions of Chapter 10.1 of Title 42 of the General Laws of the State of Rhode Island, enacted as Chapter 477 of the Public Laws of 1986, effective June 25, 1986; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), places volume cap restrictions on the issuance of certain tax exempt private activity bonds issued by State and local issuing authorities within the State of Rhode Island; and

WHEREAS, the provisions of Section 146 of the Code provide that states may allocate the volume cap restrictions among state and local issuing authorities; and

WHEREAS, the Board, under Section 42-10.1-3 of the General Laws of the State of Rhode Island, is authorized to allocate tax-exempt bond issuance capacity among all issuers in the State of Rhode Island.

NOW THEREFORE, under the authority granted by law, the Board hereby makes the following findings and allocations:

1. Based upon the provisions of the Code, the Board finds that the private activity bond volume cap for the State of Rhode Island for the 2004 calendar year is Two Hundred Thirty-three Million Seven Hundred Ninety-five Thousand Dollars (\$233,795,000).

2. Subject to the conditions set forth below, the Board makes the following allocations of the 2004 volume cap of the State:

A. To the Rhode Island Industrial Facilities Corporation for \$1,300,000 for Henry Birks & Sons US, Inc.

3. The allocations are made subject to the following conditions:

A. Any amount issued under allocation may only be issued for purposes authorized under the laws of the State of Rhode Island and the United States for which a volume cap allocation is required under the provisions of the Code;

B. Any condition imposed by the Board to the allocations set forth above shall be met and evidence provided to the Board;

C. That any amount of volume cap allocated under the Resolution and not used on or before December 15, 2004, shall revert to and be reserved by the Board for reallocation;

4. The Board reserves for future allocation all unallocated 2004 volume cap outstanding after giving effect to Resolution No. 3.

5. The Board reserves for reallocation any amount allocated under this Resolution to any issuing authority, which may revert to the Board under the provisions of Paragraph 3 hereof.

6. This Resolution shall take effect upon its adoption by the Board on June 17, 2004.

Date: June 17, 2004