

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

**MEETING OF BOARD MEMBERS**

**March 17, 2005**

A meeting of the members of the Public Finance Management Board (the "Board") was held on Thursday, March 17, 2005 at 3:00 p.m. in Room 135, State House, Providence, Rhode Island pursuant to duly posted public notice of the meeting and notice duly given to all members.

Members Present:        Paul J. Tavares, General Treasurer and Chair  
                                 Mr. William Fazioli  
                                 Ms. Rosemary Booth Gallogly  
                                 Mayor A. Ralph Mollis

Members Absent:        Mr. Lincoln Mossop

Also present were: Ms. Joan M. Caine, Deputy Treasurer for Finance, Adam Gwaltney, Esq., Legal Counsel from Hinckley, Allen & Snyder, and other members of the Treasurer's Staff.

There being a quorum present the Treasurer called the meeting to order at 3:05 p.m.

Treasurer Tavares welcomed Mr. William Fazioli as a new member to the Board. Mr. Fazioli is the City Manager of the City of East Providence and represents the League of Cities and Towns.

Public Finance Management Board Minutes. Ms. Gallogly moved, Mayor Mollis seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Mayor Mollis, and Treasurer Tavares.

**VOTED: To approve the Minutes of the December 16, 2004 Regular Meeting.**

Ms. Caine reported that Rhode Island's volume cap has increased this year to \$239,180,000, which is a 2.3% increase over last year. She also noted that that figure represents a 59% increase since 2000 when the volume cap was \$150,000,000.

Ms. Caine noted that the first request on the agenda was from Henry Birks & Sons US, Inc., which was approved at the June, 2004 meeting but which was unable to close prior to year end. They were approved for \$1.3 million and are requesting the same amount. This recommendation will be subject to a revised Rhode Island Industrial Facilities Corporation ("RIIFC") inducement resolution. The second request is from Bullard Abrasives, Inc. for \$3 million, and will be subject to required governmental approvals.

Private Activity Bond Allocation Requests

Henry Birks & Sons US, Inc. ("Birks"). Ms. Philomena J. Texeira, Financial Program Administrator of RIIFC represented Birks in connection with this request. She stated that RIIFC is requesting a \$1.3 million tax-exempt bond issue on behalf of Birks. Birks is a Canadian retailer, designer and manufacturer of fine jewelry, timepieces, sterling silverware and gifts. In 2002 Birks purchased Mayor's Jewelers Inc. ("Mayor's"). This US facility will be the

cornerstone of Birks and Mayor's manufacturing and distribution focusing on silver, gold and platinum jewelry production.

Birks recently signed a two-year lease with Scojen Limited Partnership for the facility, with an option to purchase. The purchase price for the real estate is \$1,450,000. Peter M. Scotti & Associates appraised the property at \$1.5 million. Birks projects that 75-100 employees will be hired within three years. The facility is located at 41 Century Drive, Woonsocket, RI that consists of 19,200 square feet on approximately four acres of land. Ms. Teixeira noted that IRBA is insuring the bond up to the maximum of \$1.3 million. She expects the closing to occur prior to Birks' fiscal year-end, which is March 26, 2005.

Ms. Gallogly moved, Mayor Mollis seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Mayor Mollis, and Treasurer Tavares.

**VOTED: To approve an allocation of volume cap in the amount of \$1,300,000 to the Rhode Island Industrial Facilities Corporation for Henry Birks & Sons US, Inc. to purchase real estate located at 41 Century Drive, Woonsocket, Rhode Island for a US based manufacturing facility subject to the approval of an amended resolution relating to the purchase of the real estate.**

Bullard Abrasives, Inc. ("Bullard"). Mr. Anthony Scolavino, Senior Financial Program Administrator of RIIFC represented Bullard in connection with this request. He noted that RIIFC is requesting a \$3 million tax-exempt bond issue on behalf of Bullard, which is presently located in Westborough, Massachusetts. Bullard was established in 1927 and manufactures and markets abrasive grinding and cutting wheels for use on portable power tools. Abrasive products of this type are used to metalworking and construction trades to cut and profile a variety of metal and masonry materials.

He noted that nearly 70% of the company's annual turnover is provided by a select group of original equipment manufacturer accounts and receive product manufactured with the customer's own label. The balance of the company's revenue is generated from sales of Bullard brand products sold to industrial, welding and construction distribution firms. For Bullard to grow, it needs to relocate to a larger facility. Bullard entered into a sales agreement to purchase a 76,000 square foot facility on 6.8 acres of land, located in Lincoln, RI for \$2,150,000. In addition to the purchase cost, Bullard anticipates renovations and miscellaneous expenses to total approximately \$850,000, and they anticipate hiring an additional 60 individuals upon completion of the project.

Mr. Scolavino noted that Danvers Savings Bank of Danvers, Massachusetts has provided a commitment letter to finance the project and intends to purchase the RIIFC bond.

Mr. Fazioli moved, Ms. Gallogly seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Mayor Mollis, and Treasurer Tavares.

**VOTED: To approve an allocation of volume cap in the amount of up to \$3,000,000 to the Rhode Island Industrial Facilities Corporation for Bullard Abrasives, Inc. to purchase real estate located at 6 Carol Drive, Lincoln, Rhode Island subject to all required governmental approvals.**

Ms. Caine reminded the Board that an amount of \$23,918,000, which represents 10% of total 2005 volume cap of \$239,180,000, should be placed in reserve.

Mayor Mollis moved, Mr. Fazioli seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Mayor Mollis, and Treasurer Tavares.

**VOTED: To ratify, approve and confirm an allocation of reserve volume cap in the amount of \$23,918,000 to the Public Finance Management Board.**

Treasurer's Report. Treasurer Tavares updated the Board on the separation of powers legislation, which proposes to eliminate legislative members from the Board. The Treasurer's office has submitted proposals regarding any board or commission that is chaired by the Treasurer, stating that the vacant seats should be filled by appointments of the Treasurer. He noted that the Governor, House and Senate have agreed to the proposal in concept. The Treasurer stated that the House is reviewing an argument that the appointing authority cannot be restricted in any fashion, i.e. there can be no limitations to the appointments.

The Treasurer stated on record that if he is granted the appointing authority, he will honor the tradition that the boards are operating under.

Ms. Gallogly moved, Mayor Mollis seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Mayor Mollis, and Treasurer Tavares.

**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

## **EXHIBIT A**

### 2005 Allocation Resolution No. 1

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 2005 calendar year is Two Hundred Thirty-nine Million One Hundred Eighty Thousand Dollars (\$239,180,000).

2. Subject to the conditions set forth below, the Board makes the following allocations of the 2005 volume cap of the State:

- A. To the Rhode Island Industrial Facilities Corporation for \$1,300,000 for Henry Birks & Sons US, Inc.
- B. To the Rhode Island Industrial Facilities Corporation for \$3,000,000 for Bullard Abrasives, Inc.
- C. To the Rhode Island Public Finance Management Board, an amount equal to \$23,918,000.

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 31, 2005, shall revert to and be reserved by the Board for reallocation;

4. The Board reserves for future allocation all unallocated 2005 volume cap outstanding after giving effect to Resolution No. 1.

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 March 17, 2005.

Date: March 17, 2005