

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

**MEETING OF BOARD MEMBERS  
December 15, 2005**

A meeting of the members of the Public Finance Management Board (the "Board") was held on Thursday, December 15, 2005 at 3:00 p.m. in Room 203, 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: Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, Normand Benoit, Esq. and Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP, and other members of the Treasurer's Staff.

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

Public Finance Management Board Minutes. 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 the Minutes of the March 17, 2005 regular meeting and the Minutes of the August 10, 2005 special meeting.**

Rhode Island Housing and Mortgage Finance Corporation ("RIHMFC"). Mr. Thomas, F. Hogg, Chief Financial Officer requested that RIHMFC be allocated all remaining unused 2005 volume cap and that it be authorized to carry forward their volume cap allocation. He noted that RIHMFC issues between \$200 - \$300 million of bonds annually. RIHMFC has the ability to carry forward these allocations for three years.

Treasurer Tavares reminded Board members that RI volume cap for the year 2005 was set at \$239,180,000.

Mayor Mollis 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 \$234,880,000 to the Rhode Island Housing and Mortgage Finance Corporation; and to allow that allocation to be carried forward and used, and that the Board's Legal Counsel be directed to file the necessary tax forms with the Internal Revenue Service in connection therewith.**

Ms. Caine explained that when she became Deputy Treasurer in 1999, Rhode Island's volume cap was \$150 million. Therefore, it has increased substantially since then. This year only two deals were brought before the Board for a total of \$4.3 million. She also noted that the \$234,880,000 approved for RIHMFC included the PFMB reserve of \$23,918,000.

Ms. Caine noted that for the first time in many years, the Rhode Island Student Loan Authority ("RISLA") did not request any volume cap. She stated that Noel Simpson, Executive Director of RISLA explained that in recent years the consolidation of student loans has increased dramatically. SallieMae and Nelnet have been very aggressive telemarketing to students who have loan balances over a certain dollar amount. They have been offering consolidation plans with extended terms and low interest rates. As a result, RISLA has seen quite extensive prepayment activity which will more than likely continue. At the present RISLA has a \$200 million cash balance which they will utilize for 2006 loan originations.

Ms. Caine also noted that she hoped to work with the RI Economic Development Corp. ("RIEDC") to have more manufacturing and housing deals come before the Board. Ms. Caine explained that the local housing deals are usually developer driven and the town housing authority issues on behalf of the developer. The RIEDC brings the manufacturing deals to the Board but had no deals to bring to the Board at either the June or September, 2005 meeting dates.

Ms. Caine stated that she and Paul Goslin have been working on the 2005 Local Debt Study which should be ready for distribution before the end of the year. This report is issued every two years and is distributed to Board members and mailed to the finance directors of all 39 cities and towns in Rhode Island. She noted that the state's debt burden is above average which may be because local debt levels are low. The state does a lot relative to other states to help and support the municipalities. The report covers the period from 1999 to 2004 and there has been a fairly significant increase in municipal debt levels. She commended Paul for his painstaking work in putting the report together.

Ms. Caine also distributed a memo listing PFMB meeting dates for 2006 to Board members.

Treasurer Tavares wished everyone a very happy holiday season and thanked all for their efforts in 2005 and looks forward to 2006.

Ms. Gallogly 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 adjourn the meeting.**

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

Respectfully submitted,

Paul J. Tavares  
General Treasurer

## EXHIBIT A

### 2005 Allocation Resolution No. 2

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 Housing and Mortgage Finance Corporation, an approval to carry forward an amount equal to \$234,880,000.

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;

4. This Resolution shall take effect upon its adoption by the Board effective December 15, 2005.

Date: December 15, 2005