

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

MEETING OF BOARD MEMBERS

June 15, 2006

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, June 15, 2006 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
 Ms. Rosemary Booth Gallogly
 Mayor A. Ralph Mollis
 Mr. Lincoln Mossop

Also present were: Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, 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 3:12 p.m.

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

VOTED: To approve the Minutes of the December 15, 2005 Regular Meeting

Private Activity Bond Allocation Requests

New Canonchet Cliffs (“NCC”) Ms. Caine noted that the first request on the agenda was from the Providence Housing Authority (“PHA”) for New Canonchet Cliffs. The request is for \$6 million, approximately \$4 million of which will be used to refinance debt at a lower cost and the rest will be used for necessary renovations to the property.

Attorney Mark Ouellet, General Counsel, and Mr. Joseph Braga, Director of Finance and Accounting, both for PHA, and Bond Counsel Daniel Waugh, Esq. represented NCC. NCC is an existing Section 8 assisted living 114 unit development for the elderly or handicapped in Hopkinton, RI. Mr. Ouellet explained that there is no housing authority in Hopkinton. PHA has the authority by statute to assist other communities when there is a need for assistance. The Town Council in Hopkinton has sought PHA’s assistance with the volume cap allocation request.

Mr. Braga explained that NCC is a 24 year old HUD Section 202 facility in need of refurbishment and building code improvements. HUD policy requires the maintenance of the existing basic regulatory provisions relating to occupancy and operations. HUD approval is expected in August.

The proceeds will be used as follows: \$4.1 million to retire existing debt; \$2.6 million for renovations; \$300,000 for the developer’s fee; \$216,000 interest escrow; \$10,000 for bond underwriting fees and issuance cost; \$100,000 for legal, title, recording and organizational

survey; \$88,000 for finance fees; and \$868,000 for HUD fees. These uses of funds total \$7,700,000. In addition to the \$6 million request from the PFMB, the revenue (apaproximately new amount of \$1.7 million) from the sale of tax credits will be required as well. William J. Canning Management Co. is the project manager.

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

VOTED: To approve an allocation of volume cap in the amount of up to \$6,000,000 to the Providence Housing Authority for New Canonchet Cliffs to refinance existing debt and to fund necessary renovations to an existing elderly/disabled development in Hopkinton, Rhode Island subject to all required state and federal approvals, and provided that if this volume cap allocation is not used on or before December 14, 2006, it shall revert to and be reserved by the Public Finance Management Board for reallocation.

Rhode Island Student Loan Authority (“RISLA”) Ms. Caine noted that RISLA is requesting a \$100 million allocation. Mr. Noel Simpson, Executive Director represented RISLA. He stated that RISLA requests the allocation to issue bonds in the summer of 2006. The proceeds of those bonds will be used to finance alternative education loans for the academic year 2006-2007. He noted that RISLA has two alternative loan programs: the College Bound Loan Program and the RI Family Education Loan Program.

Mr. Simpson explained that RISLA sponsors several programs that help people access higher education at an affordable cost. RISLA sponsors the College Planning Center located at the Warwick Mall which has sponsored an S.A.T. preparation program. RISLA has engaged Citigroup and RBC Capital as co-underwriters of the transaction and usually engage local underwriters to help sell the fixed rate bonds. He noted RISLA also selected Edwards & Angell, Palmer & Dodge as bond counsel for the transaction.

Treasurer Tavares noted that RISLA did not request any volume cap allocation in 2005. Mr. Simpson stated that he does not expect to have another request before the PFMB before year end, but reserved the right to submit another request if needed.

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

VOTED: To approve an allocation of volume cap in the amount of \$100,000,000 to the Rhode Island Student Loan Authority for a tax-exempt bond issue in the summer of 2006.

Ms. Caine noted that due to population figures, coupled with an inflation adjustment for smaller states, the amount of volume cap for 2006 has risen to \$246,610,000, which represents a 3.1% increase from 2005. The Treasurer reminded the PFMB that an amount of \$24,661,000, representing 10% of total 2006 volume cap should be placed in reserve.

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

VOTED: To ratify, approve and confirm an allocation of reserve volume cap in the amount of \$24,661,000 to the Public Finance Management Board.

New Business

Treasurer Tavares gave an update on the separation of powers legislation. He noted that on June 14, 2006 both the Senate and the House approved separation of powers legislation as it relates to the PFMB. The Board will remain at nine members and be comprised of the following: the General Treasurer (or his/her designee), the Director of Administration (or his/her designee), three members of the public to be appointed by the Governor for staggered terms (which would need advice and consent), two members of the public to be appointed by the General Treasurer (from a list of five candidates submitted by the League of Cities and Towns for staggered terms which would also need advice and consent), and two members of the general public to be appointed by the General Treasurer for staggered terms which would need advice and consent.

The Treasurer noted that the Senate and House will have floor votes and he hopes the legislation will not be vetoed by the Governor. The legislation will be effective upon passage. There will be four members needed for a quorum.

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

VOTED: To adjourn the meeting.

There being no further business, the meeting was adjourned at 3:29 p.m.

Respectfully submitted,

Paul J. Tavares
General Treasurer

EXHIBIT A

2006 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 2006 calendar year is Two Hundred Forty Six Million Six Hundred and Ten Thousand Dollars (\$246,610,000).

2. Subject to the conditions set forth below, the Board makes the following allocations of the 2006 volume cap of the State:

- A. To the Providence Housing Authority for \$6,000,000 for New Canonchet Cliffs.
- B. To the Rhode Island Student Loan Authority for \$100,000,000.
- C. To the Rhode Island Public Finance Management Board, an amount equal to \$24,661,000.

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 14, 2006, shall revert to and be reserved by the Board for reallocation.

4. The Board reserves for future allocation all unallocated 2006 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 June 15, 2006.

Date: June 15, 2006