

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

**MEETING OF BOARD MEMBERS**

**December 19, 2007**

**A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Wednesday, December 19, 2007 at 11:00 a.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.**

**Membership Roll Call: Frank T. Caprio, General Treasurer and Chair**

**The Honorable A. Ralph Mollis, Secretary of State**

**Ms. Rosemary Booth Gallogly, R.I. State Budget Officer**

**Mr. William Fazioli, Public Member**

**Mr. Lincoln Mossop, Public Member – not present**

**The following Staff members were present: Mr. Kenneth E. Goodreau, Deputy Treasurer for Finance, Mr. Michael Solomon, Executive Director for Operations, Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP and other members of the Treasurer’s Staff. Also present were: Mr. Richard Hartley, Treasurer of RIHMFC, Mr. Thomas F. Hogg, Deputy Director – Finance of RIHMFC, Charles Kelly, Executive Director of RI Student Loan**

**Authority, and Mr. Noel F. Simpson, Chief Financial Officer of RI Student Loan Authority.**

**There being a quorum present, the Treasurer called the meeting to order at 11:00 a.m.**

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

**VOTED: To approve the Minutes of the December 14, 2006 Regular Meeting**

**Rhode Island Housing and Mortgage Finance Corporation (“RIHMFC”). Treasurer Caprio stated the next item on the agenda was a request for approval from RIHMFC for residual volume cap, which represents the entire volume cap for 2007; there were no other allocation requests for 2007. Mr. Thomas F. Hogg, Deputy Director – Finance, requested that RIHMFC be allocated all remaining unused 2007 volume cap with authorization to carry-forward the volume cap allocation until December 31, 2008. Treasurer Caprio entertained a motion to allocate volume cap in the amount of \$256,235,000 to RIHMFC.**

**Secretary Mollis moved, Ms. Gallogly seconded and the following**

**motion was passed. The following members voted in favor: Ms. Gallogly, Secretary Mollis, and Treasurer Caprio.**

**Mr. Fazioli recused himself and did not participate in the vote.**

**VOTED: To approve an allocation of volume cap in the amount of \$256,235,000 to RIHMFC; to allow that allocation to be carried forward and used prior to December 31, 2008; and to direct the Board's Legal Counsel to file the necessary tax forms with the Internal Revenue Service in connection therewith.**

**Treasurer Caprio asked Mr. Eugene Bernardo of Partridge, Snow & Hahn LLP, Legal Council to the Board, if there was any further business. Mr. Bernardo responded that Mr. Thomas F. Hogg, Deputy Director – Finance RIHMFC, wanted to address the Board.**

**Consistent with past practice, Mr. Hogg of RIHMFC requested that any remaining volume cap for 2007 be allocated to his agency for use in 2008. He noted that the number of mortgages issued has been at record high levels throughout 2007.**

**Mr. Hogg then asked the Board to consider the likelihood of a different allocation situation next year. In past years, there has always been sufficient volume cap to meet the requests of the three main users: Rhode Island Student Loan Authority, Rhode Island Housing and Mortgage Finance Corporation, and the Rhode Island Economic Development Corporation. For various reasons, the**

situation in 2008 will almost certainly present more requests than the cap available to the State. In summary, the reasons have to do with private sector marketplace difficulties and a major project from two quasi-public entities.

More specifically, because of legislative changes applied to student loan originators in the private sector, the Student Loan Authority will likely experience more demand for loans. A very similar situation exists for housing loan activity, as difficulties in the mortgage banking industry (due to the sub-prime mortgage collapse) have resulted in a doubling of origination activity for Rhode Island Housing. A major energy based initiative under joint consideration by RI Resource Recovery and RI Economic Development Corporation may result in a substantial request for cap for that project. When added together these competing requests will exceed available volume cap in 2008. Mr. Hogg suggested that the Board consider these issues in early 2008 in order to explore more exact timing of each, as well as the possibility of alternative financing options.

Ms. Gallogly asked for an assessment of what the carry over balances would be for each of the agencies over the stated three year period. This will help determine how the allocations should be allotted in 2008. She stated allocations in previous years have been simple as there were adequate funds for all entities requesting funds. Ms. Gallogly also asked that the Board be kept apprised of any legislative changes which will affect decisions regarding allocation

**allotments.**

**Treasurer Caprio added that he will be monitoring any legislative discussion or changes coming from Washington regarding these issues.**

**Secretary Mollis moved, Mr. Fazioli seconded and the following motion was passed. The following members voted in favor: Mr. Fazioli, Ms. Gallogly, Secretary Mollis, and Treasurer Caprio.**

**VOTED: To adjourn the meeting.**

**There being no further business, the meeting adjourned at 11:15 a.m.**

**Respectfully submitted,**

**Frank T. Caprio  
General Treasurer**