

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

**MEETING OF BOARD MEMBERS**

**MARCH 20, 2008**

**A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, March 20th at 11:30 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**

**Mr. Emanuel Barrows, Public Member**

**Mr. William Fazioli, Public Member**

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

**Mr. Robert Mancini, 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: Charles Kelly, Executive Director of RI Student Loan Authority; Mr. Noel F. Simpson, Chief**

**Financial Officer of RI Student Loan Authority; Anthony Scolavino, Finance Program Administrator for RI Economic Development Corporation; Michael Saul, Managing Director of Finance for RI Economic Development Corporation; Antonio Afonso, Counsel for RI Industrial Facilities Corporation.**

**There being a quorum present, the Treasurer called the meeting to order at 11:40 a.m.**

**Prior to the roll call Treasurer Caprio introduced and welcomed two recently confirmed Members to the Board: Mr. Robert Mancini, Executive Director of RI Society of CPA's, and Mr. Emanuel Barrows, Senior Vice President of Bank RI.**

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

**VOTED: To approve the Minutes of the December 19, 2007 Regular Meeting**

**Rhode Island Industrial Facilities Corporation ("RIIFC"). Treasurer Caprio stated the next item on the agenda was a request for approval from RIIFC for volume cap up to the amount of \$4 million on behalf of Neurotech Pharmaceuticals, Inc.**

**Mr. Scolavino from RIEDC began by explaining that Neurotech is a Biotechnology Company, led by a team of experienced Ophthalmology and Biotech Executives, dedicated to the development of sight-saving therapeutics for chronic retinal diseases. Neurotech's technology platform, "Encapsulated Cell Technology", has unique attributes that enable long-term, sustained delivery of therapeutic proteins to the back of the eye. A broad patent portfolio of over eighty patents in the U.S protects the technology and its applications. Mr. Scolavino stated that the Company raised \$35 million in a series B financing led by Burrill and Company, with Versant Ventures and SV Life Sciences as co-leads. To meet long-term space, regulatory and operational requirements, Neurotech has selected to lease a 27,000 sq. ft. office site to be built at the Highland Corporate Park, Cumberland, RI. As a result, the Company needs an investment of \$5.6 million to cover the build out of the site, soft and hard costs for acquisition, and installment of equipment.**

**Cash (net of operating expenses) is more than sufficient to cover annual debt service of \$500,940.00. Projections from a public offering in 2009 and 2010 should generate an additional \$50 million with estimated stockholder's equity value exceeding \$200 million. Neurotech is proposing the issuance of a \$4 million RIIFC tax-exempt industrial revenue bond insured by the RI Industrial Recreational Building Authority (IRBA) to support the purchase and installation of the equipment. Banc of America intends to purchase the bond.**

**Neurotech will be providing approximately \$1.6 million in equity. RIIFC will hold a first security lien on the equipment being purchased, consisting of two modular clean rooms and other equipment, with a \$4 million purchase price and a first security lien on all equipment currently owned by Neurotech. Additional collateral will include a \$250,000.00 cash instrument debt service account and a letter of credit worth \$1 million, both assigned to IRBA.**

**Neurotech currently employs 19 full-time professionals and is anticipating the number to grow to 133 within three years. This will generate high wage jobs for a total annual payroll of \$11,494,560.00. Annual Rhode Island income tax revenue is expected to be \$409,000 within three years.**

**Ms. Gallogly asked if the clean rooms have any market value given their highly specialized use. Mr. Scalovino stated that the rooms are portable and there are vendors who are willing to purchase used units.**

**There being no further questions, Treasurer Caprio entertained a motion to allocate volume cap up to \$4 million to RIIFC for Neurotech Pharmaceuticals, Inc. Mr. Fazioli moved, Ms. Gallogly seconded and the following motion was passed. The following members voted in favor: Mr. Barrows, Mr. Fazioli, Ms. Gallogly, Mr. Mancini, Secretary Mollis, and Treasurer Caprio.**

**VOTED: To approve an allocation of volume cap up to \$4 million to RIIFC for Neurotech Pharmaceuticals, Inc. to finance a manufacturing facility; and provided that if the volume cap allocation is not used prior to December 1, 2008 it shall revert to and be reserved by the PFMB for reallocation; and provided RIIFC shall provide the PFMB with receipt of all evidence of closing by December 1, 2008.**

**The next item on the Agenda was the PFMB Reserve (10%). Treasurer Caprio entertained a motion to ratify, approve, and confirm an allocation of reserve volume cap in the amount of \$26,209,500.00 to the PFMB. Mr. Mancini moved, Mr. Barrows seconded and the following motion was passed. The following members voted in favor: Mr. Barrows, Mr. Fazioli, Ms. Gallogly, Mr. Mancini, Secretary Mollis, and Treasurer Caprio.**

**VOTED: To ratify, approve, and confirm an allocation of reserve volume cap in the amount of \$26,209,500.00 to the PFMB.**

**Treasurer Caprio stated the last item on the agenda was in regard to a request for a meeting from Mr. Kelly and Mr. Simpson from RI Student Loan Authority for volume cap. Mr. Kelly apologized to the Board for filing their application a week late. He stated that financing from banks for student loans is dwindling given the current situation in the market. He expressed his appreciation to the Board for accommodating their request. Treasurer Caprio explained that RI Student Loan Authority and RI Housing and Mortgage Finance**

**Corporation have submitted their volume cap requests for the year. There is enough cap for both agencies to fulfill their financial mission for the year with no conflicts. This meeting will be scheduled within the next week.**

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

**VOTED: To adjourn the meeting.**

**There being no further business, the meeting adjourned at 11:51 a.m.**

**Respectfully submitted,**

**Frank T. Caprio  
General Treasurer**