

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

MEETING OF BOARD MEMBERS

APRIL 1, 2008

A special meeting of the members of the Public Finance Management Board (“PFMB”) was held on Tuesday, April 1, 2008 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

Mr. Emanuel Barrows – Public Member

Mr. William Fazioli, Public Member – not present

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

Mr. Robert A. Mancini – Public Member

The Honorable A. Ralph Mollis, Secretary of State – not present

Mr. Lincoln Mossop, Public Member – not present

The following Staff members were present: Mr. Kenneth E. Goodreau, Deputy Treasurer for Finance, Mr. Michael J. Solomon, Executive Director for Operations, Eugene G. Bernardo II, Esq., Legal Counsel from Partridge Snow & Hahn LLP and other members of the Treasurer’s Staff. Also present were: 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 11:06 a.m.

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

VOTED: To approve the Minutes of the March 20, 2008 Regular Meeting

Rhode Island Student Loan Authority (“RISLA”). Treasurer Caprio stated the next item on the agenda was a request for approval from RISLA for a \$70 million private activity volume cap allocation for tax-exempt bonds that will be issued in April / May 2008. The purpose of the issuance is to fund student loan originations for the 2008 / 2009 academic year.

Ms. Gallogly asked if the loans would be fixed rate securities. Mr. Kelly from RISLA replied that their financial advisors have stated that most of the tax-exempt cap will be fixed rate and the rate should be set by the end of this month. Mr. Kelly apologized for missing the

initial deadline for request of funds for the regular meeting in March. He explained to the Board how difficult it is to get funding for student loans in this market environment and thanked the Board.

Treasurer Caprio stated there have been press reports alluding to the problems Student Loan Authorities are having acquiring funds, which results in fewer dollars and the possibility of the collapse of some Loan Authorities. He asked Mr. Kelly what the outlook is for the future of RISLA. Mr. Kelly responded that this volume cap would provide fixed rate financing for the academic year 2008-2009. In regard to future financing, RISLA has an excellent credit history with a very high FICO score and a cumulative default rate of only 2%. RISLA is going out to bid for a line of credit from local banks and will be re-structuring debt. Mr. Kelly stated they only ask for funds needed for the short term. However, if other entities drop out of the student lending environment, RISLA may have a need for additional cap late in 2008 or early 2009. Treasurer Caprio added that RIHMFC and RISLA are in agreement in regard to distribution of cap to each agency for this year with no conflicts.

Mr. Kelly went on to explain that RISLA was one of the few Authorities which did not waive the cap on auction rates, which could have been very costly to the Loan Authority. He thanked the Treasurer, Staff and Board for intervening with the underwriters regarding this issue, which saved RISLA a tremendous amount of money.

Treasurer Caprio entertained a motion to approve an allocation of volume cap of up to \$70 million to RISLA. Mr. Mancini moved, Mr. Barrows seconded and the following motion was passed. The following members voted in favor: Mr. Barrows, Ms. Gallogly, Mr. Mancini, and Treasurer Caprio.

VOTED: To approve an allocation of volume cap in the amount of up to \$70,000,000 to the Rhode Island Student Loan Authority; and provided that if this volume cap allocation is not used on or before December 1, 2008, it shall revert back to and be reserved by the PFMB for reallocation.

VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 11:16 a.m.

Respectfully submitted,

**Frank T. Caprio
General Treasurer**