

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
BOARD OF COMMISSIONERS
FINANCE COMMITTEE MEETING**

June 28, 2005

A meeting of the Finance Committee of the Rhode Island Convention Center Authority Board of Commissioners was held on June 28, 2005 at 3:00 p.m. pursuant to notice at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island

Board members present were Committee Chairman, Joe Judge, Commissioners Jerry Massa, Paul MacDonald, Jeffrey Hirsh and David A. Duffy.

Also in attendance, Jim McCarvill, RICCA; Tim Muldoon and Debbie Tuton, SMG/RICC; Bruce Leach, Legal Counsel; Normand Benoit, Partridge Snow & Hahn, Bond Counsel, Maureen Gurghigian, First Southwest and Eileen Smith, Recording Secretary.

Chairman Judge called the meeting to order at 3:00 P.M.

Noting minutes of the May meeting had been distributed. Mr. Judge entertained a motion to approve.

Upon a motion duly made by Mr. Massa and seconded by Mr. Duffy it was unanimously

VOTED: to approve the minutes as distributed.

The Committee was advised that the next meeting would be held on July 28th at 3:00 PM. following the Dunkin' Donuts Committee meeting.

Chairman Judge recognized Mr. Tim Muldoon. Mr. Muldoon reported that Julian Raveneau, the Assistant Director of Finance, had been appointed Director of Finance. The Committee asked Mr. Muldoon to pass along their congratulations to Mr. Raveneau.

Mr. Muldoon noted that after the great results we had in April 2005 it is easy to see why May 2005 can be considered less than expected. The combined net income for the month was \$106,197. This net income represents an unfavorable variance of \$40,576 in comparison to the prior year's net income of \$146,773 and an unfavorable variance of \$39,998 in comparison to the May 2005 budgeted net income of \$146,195. Overall, net income for the month is lower than prior year due mainly to decreases in rental income and ancillary service. Food and beverage revenues for the month are lower than the prior year due to a decrease in concession revenues. Parking revenues however are higher than the prior year due mainly to event parking. Combined variable expenses are favorable with a decrease of \$24,712.00 from May 2004, and combined indirect expenses are almost flat. Mr. Muldoon continued that parking revenues increased by \$10,758.00 in comparison to the month of May 2004. Mr. Muldoon reported that on a Year to Date basis, net income continues to track

higher than the prior year actual by \$184,555 and is also tracking higher than Budget by \$549,850 mainly attributable to rental income, services billed, ancillary services, transient and monthly parking, all showing favorable variances to actual and budgeted amounts except food and beverage which shows an unfavorable variance to actual. The combined actual net income for the month was lower than the Budgeted net income by \$39,998. This unfavorable variance is mainly attributable to lower Convention Center revenues for the month.

Mr. Judge thanked Mr. Muldoon for his report.

Mr. McCarvill reported that we should be able to meet the \$9 million State requirement on Thursday and noted that we have paid the State \$5.4 million in excess debt rental service payments. He also noted that because of the hotel sale future excess debt rental payments will be difficult to make. Mr. Duffy stated that there will be a significant impact on the Authority with the inclusion of the Dunkin' Donuts Center. Mr. McCarvill said that we will have to recast the budget and we will be \$295,000,000 in debt. Mr. Duffy stated that the legislature has lowered our borrowing cap to \$305 million and re-configures the Board to eight Governor Appointees and three City appointees.

Mr. MacDonald asked if the three City appointments would be from the Mayor. Mr. McCarvill said that has not been determined and Mr. Leach stated that one of the City appointments will be from the City Council.

Mr. McCarvill informed the Committee that he had interviewed some candidates for the controller's position and that he would like Mr. Judge to meet with the finalists.

Mr. Judge asked Mr. Benoit to address the committee. Mr. Benoit explained the refunding of our 1993 Series C Bonds and the resolution that under discussion. Ms. Gurghigian reported that the Authority had issued an RFP for an underwriter services. Mr. Duffy asked what our savings will be following the refunding. Ms. Gurghigian said there would be a savings of \$1.2 million. Mr. Judge asked the term of the new bonds and Ms. Gurghigian stated that the term would remain the same as the old bonds. Mr. Massa asked if we should be looking at a swaption. Ms. Gurghigian said that if you look at the big picture there would be more risk to the Board and the State. Conversations ensued regarding the debt structure of the Authority.

Mr. MacDonald left at 3:30 pm

Ms. Gurghigian noted that she is more comfortable recommending a fixed rate, plain vanilla refunding in these circumstances and in this market. Ms. Gurghigian noted that all of the larger firms responded to our RFP. Ms. Gurghigian explained the responses and the fees proposed. Mr. Massa asked if any of the responders indicated the use of a co-manager and said that he would like to reserve the right to have one or more co-managers. Mr. Duffy asked if it is our obligation

to go with the lowest bidder. Mr. Leach stated that it is our obligation to go with the lowest qualified bidder using the same evaluation criteria for all. Ms. Gurghigian said that she would contact the responders and ask about co-managers. She asked the committee if there were any other questions that should be asked of the bidders. Mr. Judge said that assuming no objection to a co-manager the committee should recommend a firm. He continued that at this point if UBS has no objection to a co-manager theirs was the lowest bid. However, he suggested that the financial advisor should short list the three low bidders and ask for a best and final offer to see if further savings are available. The committee concurred with this course of action.

Upon a motion duly made by Mr. Massa and seconded by Mr. Duffy it was unanimously

VOTED: to adjourn at 4:05 p.m.