

**State of Rhode Island and Providence Plantations
Rhode Island Refunding Bond Authority (RIRBA)**

Minutes of Meeting July 18, 2014

A Rhode Island Refunding Bond Authority (RIRBA) meeting was held in the Controller's Conference Room on the fourth floor of the Department of Administration on Friday, July 18, 2014, at 9:00 a.m. There being a quorum present the Chair called the meeting to order at 9:00 a.m.

Membership present:

Melissa Malone (Chairperson, General Counsel, Treasury);
Thomas Mullaney (Department of Administration);
Robert Cusack; and
Mark Leonetti (State Controller).

Also present:

Normand Benoit, Esq. (Bond Counsel)
Alexandra Pezzello, Esq. (Bond Counsel)
Maureen Gurhigian (Financial Advisor, FirstSouthwest)
Adam Krea (Financial Advisor, FirstSouthwest)
Kimberly Welsh (Janney Capital Markets)
Amanda Lucas (Paralegal, Treasury)

Absent:

Thomas W. Barry

Minutes:

Ms. Malone called the meeting to order. Mr. Mullaney provided an overview of Rhode Island Public Laws Chapter 145, Article 4 §§ 4, 5 Authorizing a taxable loan not to exceed \$35,000,000. Mr. Mullaney also gave a brief overview of the refunding opportunity.

Ms. Malone noted the efforts to reconvene the RIRBA by contacting all board members of record as of the last meeting in 2010. Mr. Barry was appointed to the Board by former Governor Carcieri. Ms. Malone stated she tried contacting Mr. Barry at his last known phone number and did not reach him. Mr. Mullaney indicated that he emailed Mr. Barry and did not receive a response. It was also noted that Mr. Barry did not attend the prior board meeting in 2010.

Ms. Malone noted that there are two vacancies for appointees of the Treasurer on the Board. However, by the time the Article was passed, it was impossible to appoint additional members to the RIRBA as they needed to be confirmed by the Senate.

Mr. Benoit then explained in detail the U.S. Treasury Department arbitrage regulations dated September 16, 2013 related to "Yield and Variation of Investments" and how it relates to the refunding opportunity of DEPCO Bonds, which are backed by U.S. treasuries. A Request for a Taxable Term Loan (Request) was issued following the passage of the budget article, and four responses were received from various financial institutions. Mr. Benoit noted that none of the

respondents followed the instructions in the Request, and some incorporated covenants that require additional negotiation and discussion.

Mr. Benoit explained the attached proposed Resolution, and recommended that the Authority consider confirming vendors, and meet at a later date in the month to evaluate the respondents' proposals and then at that time consider selection of a bidder.

In the interest of ensuring that the State maximizes savings and in light of the fact that respondents had not fully complied with the State's requirement, Mr. Cusack requested further information on the bid process. Ms. Welsh stated that the Request was sent to seventeen (17) banks or financial institutions. The actual spreads of the responders were noted and discussed. Both Mr. Benoit and Ms. Gurhigian respectively commented on the spreads and particular terms and conditions. Following discussion, Mr. Cusack then recommended expanding the number of responders to include more local institutions, insurers, and foundations.

Ms. Gurhigian stated she did not see a downside to reissuing the Request. Ms. Welsh said that the short turn-around time is a concern. However, Ms. Gurhigian noted the Board would need to meet again, regardless of whether the Request was expanded, and the time in between could be used to approach additional respondents.

Mr. Mullaney moved the following motion and it was seconded by Mr. Cusack. Unanimously the motion was approved.

Motion to seek additional respondents to the Request; and to clarify the spreads and terms from the initial respondents.

Mr. Cusack noted that he had conversations with the Financial Advisor to clarify the vendor selection process. This refunding opportunity was suggested by an outside vendor and was investigated and appropriately vetted.

Ms. Malone stated FirstSouthwest is the State's Financial Advisor. Mr. Benoit has been very helpful over many years and routinely serves as bond counsel. The vetting of the respective parties was consistent with the State's procedures.

Mr. Cusack moved the following motion and it was seconded by Mr. Mullaney. Unanimously the motion was approved.

Motion to approve Section 2 of the Resolution as presented and adopted, and to table the remainder.

Mr. Mullaney moved the following motion and it was seconded by Mr. Leonetti. Unanimously the motion was approved.

Motion to schedule a meeting on Tuesday, July 29, 2014 at 9:00 a.m. to review bids, and deliberate upon whether to proceed with the transaction.

There being no further business, a motion was made by Mr. Mullaney and seconded by Mr. Leonetti to adjourn. The motion was unanimously approved.

The meeting ended at 9:40 a.m.

Respectfully submitted,

Melissa Malone
Chair of the Rhode Island Refunding Bond Authority
Deputy General Treasurer/ General Counsel

July 29, 2014