



Public Finance Management Board
Regular Meeting Minutes
Thursday, June 30th 2016
10:30 a.m.
Room 205, State House

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, June 30, 2016 at 10:30 a.m. in Room 205, State House, Providence, Rhode Island, pursuant to duly posted public notice of the meeting and notice duly provided to all members.

I. Call to Order

The meeting was called to order at 10:32 a.m.

II. Roll Call of Members

The following members were present:

- The Honorable Seth Magaziner, General Treasurer and Chair
- Mr. Shawn Brown, Public Member from League of Cities & Towns
- Mr. Michael DiBiase, Director, Department of Administration
- Mr. Robert A. Mancini, Public Member
- Mr. Karl D. Landgraf, Public Member
- Ms. Maribeth Williamson, Public Member

The following members were absent:

- Mr. Douglas Jacobs, Public Member
- Mr. Joseph Reddish, Public Member
- Ms. Patricia Anderson, Public Member from League of Cities & Towns

Also in attendance: Mr. Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP, Mr. Patrick Marr, Chief of Staff for the General Treasurer’s Office, and other members of the Treasurer’s Staff; Mr. Chris Vitale and Mr. Jeff Diehl on behalf of the Rhode Island Infrastructure Bank.

There being a quorum, the meeting was called to order at 10:32 a.m.

III. Chairman’s Comments

The Treasurer introduced Mr. Frank Quinn as the State’s new Debt Management Officer and also introduced the newly appointed members: Mr. Landgraf, Ms. Williamson, and Mr. Jacobs. Introductions of present members and legal counsel were made.

IV. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes. Mr. DiBiase moved; Mr. Brown seconded the motion.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini.
Members who voted to oppose: None
Members who abstained: Mr. Landgraf and Ms. Williamson.

VOTED: To approve the draft of the Minutes of the February 4, 2016 PFMB Regular Meeting.

V. Legislative Update

Ms. Kelly Rogers, Director of Policy for the Office of the General Treasurer, provided an update on technical changes to the PFMB statutes as a result of the passage of FY 2017, Article 2 as amended. Discussion included the ability to advise municipalities. Mr. Landgraf asked if municipalities seek our advice. The General Treasurer explained that the Board historically has not been very active which may have discouraged municipalities from seeking advice. Mr. Brown asked whether the new general obligation proposal includes the list of special act borrowers. The General Treasurer indicated that the information could be put together. Mr. DiBiase noted that the Veteran's Home should be asterisked as it was previously approved and therefore, should not be included.

VI. Debt Management Software Demonstration

Mr. Patrick Marr, Chief of Staff for the Office of the General Treasurer provided a brief presentation of the software the State currently uses and also presented a demonstration of potential software upgrades. It was explained that the procurement process would be followed to obtain any additional software which would likely occur late in fiscal year 2017.

VII. Review and Discussion of Proposed PFMB Regulation Changes

Attorney Bernardo, legal counsel to the Board, gave a brief overview of the process to make regulatory changes which will be done pursuant to the Administrative Procedures Act. Attorney Bernardo then presented the proposed regulation changes and explained that the changes are primarily to bring the regulations into conformance with Article 2, as amended; however, some changes were done to cover some of the Board's initiatives. Specifically, Section 10 of the Rules and Regulations would broaden and expand the applicability of the fee to include municipalities and quasi-public corporations and fire districts and other special districts. Attorney Bernardo explained that authority for expanding the fees applicability was already provided for in statute, but required inclusion in the regulations. Mr. Brown inquired as to who sets the fee to which Attorney Bernardo explained the fee is statutorily set. Ms. Williamson inquired as to how the advisory seeking process would work. The General Treasurer suggested it will have to be a "wait and see" approach but that the legislation seems to allow for a proactive issuance of advisory opinions. Mr. Landgraf stated that the Board should be careful as to what it is advising suggesting that the Board should stay away from the purpose, but rather looking at whether the issuances are appropriate. Mr. Brown suggested that the Board speak with the Auditor General to see if it would be possible to include certain schedules as part of an audit to assist in data collection. Mr. DiBiase noted that the fee to be imposed was contemplated by the General Assembly. After discussion, Treasurer Magaziner entertained a motion to initiate the rulemaking process based upon the proposed rules and regulations changes. Mr. Mancini moved; Ms. Williamson seconded the motion.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Landgraf and Ms. Williamson.

Members who voted to oppose: None

VOTED: To consider the adoption of regulations to reflect changes in law applicable to the PFMB, and to provide guidelines and criteria put forth to pursue the Administrative Procedures Act for final promulgation.

VIII. State Debt Management Affordability Study

Ms. Janet Lee and Mr. Tom Huestis from the state's financial advisor, Public Resources Advisory Group (PRAG) gave a brief introduction of their relationship to the Board and then discussed the scope of the proposed affordability study. They acknowledged that they were unaware of any other state that has looked at issues on a statewide scope before and that the study would be performed in three (3) phases. Mr. DiBiase inquired as to whether the study would be using a model or whether there would be individual analysis. The General Treasurer explained that staff resources would be used and that it will likely depend on what data can be gathered. Mr. Brown inquired as to whether or not communities would have the ability to comment or otherwise participate. Treasurer Magaziner explained that it would be helpful to reach out to issuers at some point in the future. There was discussion surrounding whether the study would include GASB 49 requirements, OPEB, and that Phases 2 and 3 were things that the Board wanted to do anyway. Mr. DiBiase and Ms. Williamson both agreed that the fee to conduct the affordability study was reasonable. After discussion, Treasurer Magaziner entertained a motion to authorize PRAG to conduct a study. Mr. DiBiase moved; Mr. Landgraf seconded the motion.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Landgraf and Ms. Williamson.

Members who voted to oppose: None.

VOTED: To authorize PRAG to conduct an affordability study subject to additional terms and not to exceed \$60,000.

IX. Requests for Approval

Treasurer Magaziner moved on to the next agenda item:

Consideration to approve an allocation of Qualified Energy Conservation Bond volume cap to the Rhode Island Infrastructure Bank (RIIB). Mr. Mancini moved; Mr. DiBiase seconded the motion.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Landgraf and Ms. Williamson.

Members who voted to oppose: None.

VOTED: To approve an allocation of Qualified Energy Conservation Bond volume cap in the amount of \$10,901,000 to the Rhode Island Infrastructure Bank.

X. Discussion of Meeting Schedule

Treasurer Magaziner moved on to the next agenda item:

Consideration to approve the proposed meeting schedule to include additional meetings on August 4, 2016 and October 27, 2016 at 9:00 a.m. Ms. Williamson moved; Mr. Mancini seconded the motion.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Landgraf and Ms. Williamson.
Members who voted to oppose: None.

VOTED: To adopt the revised meeting schedule to include August 4, 2016 and October 27, 2016 at 9:00 a.m.

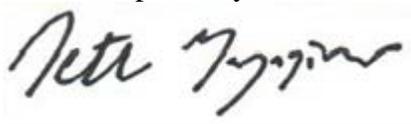
Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting. Ms. Williamson moved; Mr. Mancini seconded and the following motion was passed.

Members who voted in favor: Treasurer Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Landgraf and Ms. Williamson.
Members who voted to oppose: None.

VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 12:37 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", is enclosed in a rectangular box.

**Seth Magaziner,
General Treasurer**

EXHIBIT A

2016 Allocation Resolution No. 2

WHEREAS, the Public Finance Management Board (the “Board”) has been created pursuant to the provisions of Chapter 10.1 of Title 42 of the General Laws of the State of Rhode Island, enacted as Chapter 477 of the Public Laws of 1986, effective June 25, 1986; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), places volume cap restrictions on the issuance of certain tax exempt private activity bonds issued by State and local issuing authorities within the State of Rhode Island; and

WHEREAS, the provisions of Section 146 of the Code provide that states may allocate the volume cap restrictions among state and local issuing authorities; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 authorized Qualified Energy Conservation Bonds (QECCB) to finance certain qualified energy conservation projects; and

WHEREAS, Section 54D of the Internal Revenue Code, 26 U.S.C. §54D, sets a national volume cap limitation on the issuance of QECCB and authorizes allocations among the States in proportion to State populations; and

WHEREAS, Internal Revenue Service Notice 2009-29 allocated \$10,901,000 in QECCB volume cap to the State of Rhode Island; and

WHEREAS, 26 U.S.C. §54D requires that each “large local government” within a State, be allocated a portion of the State’s QECCB volume cap allocation in the same ratio as the population such large local government bears to the State’s population; and

WHEREAS, “large local governments” are defined as any municipality with a population of 100,000 or more; and

WHEREAS, the City of Providence is a “large local government” pursuant to 26 U.S.C. §54D; and

WHEREAS, 26 U.S.C. §54(D)(e)(2)(B) allows a large local government to reallocate its QECCB volume cap to a State; and

WHEREAS, the Board, under Section 42-10.1-3 of the General Laws of the State of Rhode Island, is authorized to allocate tax-exempt bond issuance capacity among all issuers in the State of Rhode Island including QECCB volume cap; and

WHEREAS, the General Assembly has specifically provided for the allocation process and, in accordance with 26 U.S.C. §54D, the City of Providence’s ability to reallocate its QECCB volume cap; and

WHEREAS, by resolution approved on June 28, 2016 the City of Providence reallocated all of its QECCB volume cap allocation to the Board; and

WHEREAS, Chapter 141, Article 14, Section 17 of the Rhode Island Public Laws 2015 designated the Rhode Island Infrastructure Bank (“RIIB”) to be the sole issuer of QECCB from the State of Rhode Island’s allocation, including any portions of which have been reallocated to the State by local governments.

NOW THEREFORE, under the authority granted by law, the Board hereby makes the following findings and allocations:

1. Based upon the provisions of the Code, the Board makes the following allocations of the QECB volume cap of the State:

A. To the Rhode Island Infrastructure Bank, an amount equal to \$10,901,000.

2. Any amount issued under allocation may only be issued for purposes authorized under the laws of the State of Rhode Island and the United States for which a volume cap allocation is required under the provisions of the Code.

3. This Resolution shall take effect upon its adoption by the Board effective June 30, 2016.

Dated: June 30, 2016

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