



Public Finance Management Board
Regular Meeting Minutes
Thursday, March 16th, 2017
10:30 a.m.
50 Service Avenue, Warwick

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, March 16, 2017 at 10:30 a.m. in the large conference room of 50 Service Avenue, Warwick, 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: Ms. Patricia Anderson, Mr. Michael DiBiase, Mr. Karl Landgraf, Mr. Douglas Jacobs, Mr. Robert Mancini, Mr. Joseph Reddish, Ms. Maribeth Williamson, and General Treasurer Seth Magaziner.

Mr. DiBiase left the meeting at 11:38 a.m.; Mr. Mancini left at 11:42 a.m.

The following members were absent: Mr. Shawn Brown

Also in attendance: Ms. Janet Lee and Mr. Thomas Huestis, Public Resources Advisory Group (PRAG); Mr. Frank Quinn, Director of Debt Management; Mr. Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP; and other members of the Treasurer’s Staff.

III. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes for February 2nd 2017.

On a motion by Mr. Landgraf and seconded by Ms. Williamson, it was unanimously
VOTED: To approve the minutes of the February 2nd, 2017 PFMB Regular Meeting.

IV. Chairman’s Report

Treasurer Magaziner noted the state is planning a general obligation bond issuance next month and welcomed Mr. Quinn to speak about the proposed schedule of activities for those issuances. Mr. Quinn explained there would be between \$80 and \$85 million of general obligation bonds issued, with the final amount to be determined by the state’s Budget Office. He proceeded to give an overview of the process and timeline of those issuances.

Treasurer Magaziner then apprised the Board on the progress made under the new reporting process by which the issuers are required to directly report to Treasury their intent to issue and notice of final sale. He pointed to the summary provided in the board packet that illustrated what has been received by the office since the reporting requirements were implemented. He also noted that the public portal by which issuers can submit their reports electronically is still in the works and the Board will receive a formal update on its progress at next month's meeting.

V. Discussion and Consideration of Proposed Fee and Reporting Change

The proposed changes to both fees and reporting methodology come as a result of conversations with multiple municipalities. Treasurer Magaziner prefaced the discussion by explaining there must be a balance of providing the public all of the information it deserves without becoming overly burdensome to issuers, especially smaller issuers without full time finance staff or large budgets.

The proposed changes:

- Only issuances that exceed one million dollars would be subject to the fee, which equals 1/40th of one percent of the issuance
- Notices of proposed sale and notices of final sale under a quarter of a million dollars are exempt from reporting. There are no exemptions from filing an annual report.
- Leases of any type are not subject to fees. This is not a change to existing policy as it is not expressed in the statute, it merely provides clarification on the topic.

The board asked questions.

On a motion by Ms. Williamson and seconded by Mr. Reddish, it was unanimously **VOTED: To adopt the proposed changes to the fee and reporting requirements**

Mr. Quinn will notify issuers of the changes following the meeting.

VI. Discussion of Debt Affordability Limits

Treasurer Magaziner explained that PRAG will be walking through its recommendations from all three phases of the Debt Affordability Study (DAS). He encouraged members to ask questions and provide feedback so those changes may be incorporated into the final product that will be presented and voted on in April; there was not to be a vote taken at this month's meeting.

Ms. Lee summarized the findings from Phase I regarding state debt. Based on the findings, it was recommended the debt affordability measures be updated to include long-term pension liabilities as rating agencies and the overall municipal debt market are giving more attention to pension liabilities (Boston College will incorporate and standardize RI's pension liabilities with those of other states in this version of the DAS. It will be determined at a later date whether to include OPEB in the next iteration of the study in 2019). Additionally, both ARCs should be continued to be funded at 100%. The board should also consider updating the ratios using outstanding and authorized debt, and adjusting the targets appropriately to make them in line with current conditions.

The Board asked questions.

Ms. Lee summarized the findings from Phase II regarding quasi-public agencies. Based on the findings, debt affordability recommendations were provided for each agency.

The Board asked questions.

Ms. Lee summarized the findings from Phase III regarding municipalities and special districts. State statutory limitations for municipalities, as well as rating agency debt and liability measures used by ratings agencies were considered when developing the recommendations. Based on the findings, it was recommended the debt affordability measures be updated to include the allocable portions of the fire district and regional school district debt to towns and cities, and apply debt affordability measures to the overall debt of cities and town. These measures will also account for net pension liabilities of cities and towns. PRAG also recommended changes to the affordability targets.

The Board asked questions.

Treasurer Magaziner thanked the Board and PRAG for their time and effort. The feedback from the Board throughout the Debt Affordability Study has produced a stronger product. He looks forward to returning next month to finalize the study and discuss how the group can make the report more palatable for public consumption.

Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting.

On a motion by Mr. Reddish and seconded by Mr. Jacobs was unanimously **VOTED: To adjourn the meeting.**

There being no further business, the meeting adjourned at 12:34 p.m.

Respectfully submitted,

**Seth Magaziner,
General Treasurer**