

**State of Rhode Island  
Department of Revenue**

**Municipal Fiscal Stress Task Force**

**Task Force Meeting Minutes –December 9, 2009**

1. Task Force Members – The following were present:

Committee –Gary Sasse, Peter Chatellier, Douglas Fiore, Susanne Greschner, Peder Schaefer, Bill Fazioli, Frank Champi, Diane Brennan (representing Mayor Avedisian), Normand Benoit

Others –Chantale Sarrasin, Laurie Brayton (late arrival), Fred Sneesby, John Robitaille, Randal Edgar

Staff (DOR) –Jill Barrette, Evelyn Moreira, Rudy Falcone, Joseph Coduri, James Savage, Marsha Crecelius, James Neary

2. Discussion

Copies of the draft indicator report with technical revisions were distributed (Note that heavy snowfall to the South prevented attendance by a number of task force members).

Frank Champi discussed his concern with the quintile rankings for the ARC paid indicator. He recommended an alternative weighting method. It was agreed that this method would be incorporated in any revision to the numbers. Use of public safety pension liabilities as a proxy for all liabilities was discussed. It was decided to restate pension liabilities using all municipal pension commitments. He expressed surprise at the state aid reliance factor for some communities. Peder Schaefer indicated he would provide additional information documenting that data for review. He also expressed concern that municipalities which have recently issued debt for new schools or other major projects may be unfairly stress weighted.

Susanne Greschner expressed concern that time series trends in financial position were not reflected in the indicators. She was also concerned with the lack of OPEB data included in the indicators and the view that updates to the report needed to include a direct OPEB indicator. She also believes a final report needs a glossary to explain the details of the indicators. Frank Champi discussed the difficulties experienced by audit firms in achieving reporting compliance with this OPEB GASB requirement.

Peder Schaefer distributed Laura Sitrin's emailed concerns. Discussion focused on her position that that financial position was underweighted in the overall rankings. Her communication also expressed concern that low spending growth over recent years should not be recorded as a positive indicator. Peder Schaefer expressed his view that tax capacity indicators should retain weight because these are the indicators for future ability to address overall municipal fiscal stress.

Gary Sasse discussed bond ratings and whether bond ratings should be a supplementary indicator for a final report. Bill Fazioli indicated that Moody's weights economic indicators at 40% in their ratings, a far higher proportion than our indicators.

Peter Chattelier recommended that "financial position" be weighted at 50% and that the other two categories at 25%. The task force concurred with this recommendation.

The next meeting was scheduled for December 17<sup>th</sup> at 3 PM. DMF staff will recalculate quintile rankings after adjusting the ARC quintiles, including overall municipal pension liabilities, and reweighting financial position.