



**Public Finance Management Board**  
**Regular Meeting Minutes**  
**Monday, December 12, 2016**  
**9:00 a.m.**  
**50 Service Avenue, Warwick**

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Monday, December 12, 2016 at 9:00 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 9:05 a.m.

**II. Roll Call of Members**

The following members were present: Mr. Shawn Brown, Mr. Karl Landgraf, Mr. Douglas Jacobs, Mr. Joseph Reddish, Mr. Robert Mancini, and General Treasurer Seth Magaziner.

Mr. Michael DiBiase arrived at 9:17 a.m.

Also in attendance: Mr. Charles Kelley, Director of the Rhode Island Student Loan Authority (RISLA); Mr. Noel Simpson, Deputy Director of RISLA; Ms. Barbara Fields, Executive Director of Rhode Island Housing (RI Housing); Ms. Kara Lachappelle, Chief Financial Officer, Rhode Island Housing (RI Housing); Mr. Rick Hartley, Treasurer of Rhode Island Housing; 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; Mr. Patrick Marr, Chief of Staff for the General Treasurer’s Office, 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.

On a motion by Mr. Landgraf and seconded by Mr. Jacobs, it was unanimously  
**VOTED: To approve the draft of the Minutes of the October 27, 2016 PFMB Regular Meeting.**

**IV. Board Elections**

Treasurer Magaziner explained that by statute, the board is required to have both a Vice-Chair and a Secretary. At the October meeting, he had solicited volunteers for the positions. He stated Mr. Landgraf

had volunteered for the Vice Chair position.

On a motion by Mr. Brown and seconded by Mr. Mancini, it was unanimously  
**VOTED: To elect Mr. Karl Landgraf to the Vice-Chair position**

Mr. Reddish then offered to serve as Secretary.

On a motion by Mr. Brown and seconded by Mr. Mancini, it was unanimously  
**VOTED: To elect Mr. Joseph Reddish to the Secretary position**

## **V. Rhode Island Student Loan Authority - Request for Volume Cap Approval**

Mr. Bernardo explained the purpose of volume cap approval, reiterating it was one of the main purposes the board was created.

Mr. Jacobs noted it would be beneficial in the future to have a record as to when and how past allocations have been used, including any outstanding balances. Mr. Reddish contributed that in addition to having a clear sense as to how the agencies can use the funds, he would like the board to explore if the agencies receiving the allocations are adequately communicating to the public they have funds available to assist them with their loan needs.

In addition to the letters sent to the board from the agencies, Treasurer Magaziner welcomed both RISLA and RI Housing to present commentary.

Mr. Kelley began by summarizing the mission of RISLA and the services they provide. He then acknowledged the points made by Mr. Reddish regarding the marketing of their products. He stated RISLA works to make people aware of their programs through the colleges and universities but notes advertising on its own behalf is cost prohibitive, making it challenging. Mr. Kelley discussed another challenge of RISLA, stating that their bonds, not backed by the state, are subject to the alternative minimum tax, which makes them difficult to sell and achieve the lowest possible rate.

Treasurer Magaziner asked Mr. Kelley how RISLA determines the volume cap they request and how much typically remains. Mr. Kelley replied they work closely with universities, using their admissions and financial aid data to establish their request. He said they typically use close to all of the funds requested on a yearly basis.

The board asked questions.

On a motion by Mr. Landgraf and seconded by Mr. Mancini, it was unanimously  
**VOTED: To approve a \$60 million allocation of a portion of the residual volume cap and allow RISLA to carry forward the same amount**

## **VI. Rhode Island Housing - Request for Volume Cap Approval**

Ms. Fields conveyed RI Housing has had a busy year, noting that homeownership numbers for the year

will top those in 2007, which has been the benchmark with which it has measured itself. This is attributed to the improved real estate market and low rates. She also addressed Mr. Reddish's concern about marketing its services, saying RI Housing works with 36 broker and lender firms to help communicate homeownership programs, which accounts for 80% of the business it receives. She then spoke about the other services the agency provides and the type of customers they serve.

Ms. Lachappelle added that this year, RI Housing assisted 1400 first-time homebuyers and built or renovated 1700 rental apartments. She stated that \$100 million dollars on the multi-family side and \$250 million on the homebuyer side has been invested in the Rhode Island real estate market, which brings added revenue to the state.

The board asked questions.

On a motion by Mr. Mancini and seconded by Mr. Jacobs, it was  
**VOTED: To approve a \$242.875 million allocation of a portion of the residual volume cap and allow RI Housing to carry forward the same amount**

Mr. DiBiase and Treasurer Magaziner abstained from voting due to their positions on the Housing Board.

## **VII. Debt Affordability Study Update**

Treasurer Magaziner outlined the debt affordability study phases, stating that Phase I is largely complete and now it is at the board's discretion as to what will be done with the data. Phase II is currently underway. He reiterated the board is to hold off making recommendations on debt targets until all three phases have been completed.

Mr. Huestis summarized the timetable of the study as shown in the distributed work plan. He stated they are waiting for additional data from Boston College (BC) as it related to Phase I. Treasurer Magaziner recalled the consensus reached at a previous meeting regarding targets and that collectively the board would like to see the pension liability incorporated with the traditional tax supported debt liability to establish its recommendations. At the board's September meeting, Boston College's Center of Retirement Research presented peer comparisons for pension liabilities across states. Staff has moved to engage Boston College to gather information that would allow for normalization of data among RI and the other states and would include assumed rates of return and amortization schedules that will permit a more "apples-to-apples" comparison across the states. This data should be received within the next month, at which time it will be combined with the tax supported debt information gathered by PRAG and presented to the board to evaluate the findings and determine their implications.

Mr. Huestis continued the overview of the schedule, mainly concerning what will occur between this meeting and the next.

Ms. Lee noted the challenges with Phase II, saying the quasi-public agencies have a variety of outstanding debt and bonding programs, and that PRAG must reach out to the various agencies to ascertain how each one handles these various programs, as they all do so differently. She said the quasi-agencies are broken down into two categories, direct issuers and conduit issuers and proceeded to explain their differences.

Treasurer Magaziner stated he hopes to have information for all issuers, comparing them to both peers and rating agency published guidelines so it will give the public an idea of who the different issuers are, what the most important considerations are for each and how they stack up against each other, as well as similar entities in other states. He expressed the benefit of having all of this information compiled and held in one place.

## **VIII. Chairman's Comments**

Treasurer Magaziner welcomed comments, questions and feedback from the board on any of the topics discussed at the meeting.

He asked the board if they preferred meeting at the 50 Service Avenue location in lieu of the State House. The board agreed to hold future meetings at the Warwick location.

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. Mancini and seconded by Mr. Brown it was unanimously **VOTED: To adjourn the meeting.**

There being no further business, the meeting adjourned at 10:27 a.m.

Respectfully submitted,

**Seth Magaziner,  
General Treasurer**