

Rhode Island League of Cities and Towns

August 29, 2016

Seth Magaziner
Rhode Island General Treasurer
Chair, Public Finance Management Board
State House, RM 102
Providence, RI 02903

Dear General Treasurer,

As President of the RI League of Cities and Towns, I offer the following comments on the proposed Public Finance Management Board rule changes. As I'm sure you are aware, the League represents thirty-eight (38) cities and towns in the state. As such, on behalf of the membership, the League requests an oral hearing pursuant to Section 42-35-3 of the Rhode Island General Laws.

With regards to the specifics of the proposed rule changes:

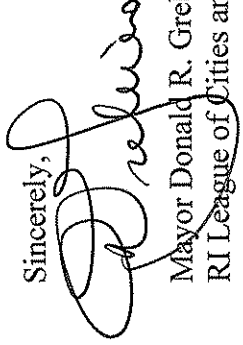
- Under Section 2 (Purpose), we believe the word “leases” needs more definition or should be eliminated. Cities and Towns in their normal course of business enter into leases for such things as copy machines, software, or building rentals. It is unclear when the application of “leases” would apply.
- Under Section 9 (Reporting Requirements), we are concerned that:
 - (a) may tie the hands of a city or town on the sale date and prevent our members from taking advantage of market timing events that would work to their advantage.
 - (c) \$250 daily fines are unnecessary.
- Under Section 10 (Fees)
 - We object to the application of the fee to refinancing or refunding issues. This would be two bites at the apple and could prevent our members in achieving the savings from a refunding that are necessary to make it worthwhile.
 - The fee as proposed would apply to cities and towns are \$2,500 per \$10 million. Underwriters include it in their fees, which are part of the borrowing, so ultimately the cities and towns will be paying interest on this over the term of the borrowing.
 - (b and c) contradicts 42-10.1-5 of the RI General Laws, which requires that fees be deposited in the General Fund and that more debt supervisory funding is required. The fees our members pay are not dedicated for this purpose under the law.

In more general terms, you may recall that the League's testimony, by Peder Schaefer, on Article 2 of the Appropriations Act was essentially "If it's not broke (relating to cities and towns), don't fix it." The League is requesting the oral hearing in order to better understand the need for the changes as well as to provide you the opportunity to present your arguments through the appropriation process.

The League stands ready to work with you and your staff regarding the PFMB rule changes.

Please do not hesitate to contact me if you wish to discuss the proposed rule changes. I look forward to discussing this with you.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Grebien", written over a horizontal line.

Mayor Donald R. Grebien, President
RI League of Cities and Towns

cc: Dan Beardsley