



Public Finance Management Board
Regular Meeting Minutes
Thursday, August 4th, 2016
9:00 a.m.
Room 205, State House

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, August 4, 2016 at 9:00 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 9:08 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
- 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, Mr. Frank Quinn, Director of Debt Management, and other members of the Treasurer’s Staff;
There being a quorum, the meeting was called to order at 9:08 a.m.

III. Chairman’s Comments

The Treasurer outlined the agenda noting the day’s meeting will mainly consist of updates on current projects. Given the light agenda with no actionable items, he also wanted to engage the committee in discussion regarding two timely and relevant articles.

IV. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:
Consideration to approve the Public Finance Management Board Minutes.

On a motion by Ms. Williamson and seconded by Mr. Mancini, it was unanimously

VOTED: To approve the draft of the Minutes of the June 30th, 2016 PFMB Regular Meeting.

V. Debt Affordability Study Update

Mr. Quinn advised that the first draft of Phase I will be made available the week of August 22nd. Most of the data for Phase I has been collected with Phase II nearing completion. Phase III data will be a bit more complicated to collect given the significant number of entities and relative dearth of information readily available.

For definition, Phase I will report on the State and public and quasi-public corporations. Phase II will report on local municipal debt and Phase III will report on fire districts and special districts.

Treasurer Magaziner noted he joined Mr. Quinn at a meeting with the Division of Municipal Finance at the Department of Administration (DOA) and discussed how data can be collected from these municipalities, saying it will not be an easy task. While some of this information is found in CAFRs and financial statements, it is not in a form where it is readily usable; it will be necessary to comb through the data to obtain the necessary numbers. He believes gathering comprehensive data from the larger municipalities will be a good start to the process. Treasurer Magaziner reminded the board that no other state has attempted to conduct a debt study that includes all debt issuers in the state.

The board asked questions.

VI. PFMB Rules and Regulations Update

Mr. Marr provided background on the PFMB rules and regulations stating that the existing rules and regulation largely mirrored the statute prior to being included in the Governor's budget. Once legislation passed, there was a conflict between that statute and the existing rules and regulations necessitating they be revised.

The Board approved the new draft rules and regulations at the June meeting. They are now posted on the Treasury website, available for public comment, through August 31st after which time they will be brought before the board to be finalized. Since publicly posting, about a week prior to the August 4th meeting date, there had been no public comments made.

VII. Debt Management Technology and Communications Update

Mr. Marr stated there have been productive discussions with Socrata; a company the office has been engaged with regarding the public facing debt management portal, though nothing has been finalized. Additionally, a PFMB website page is being developed as part of the larger Treasury website. The portal will include information on all PFMB related matters including meeting minutes, articles, reports and statistical information. It is expected the page will be operational by the September meeting.

VIII. Presentation of FY 2017 General Obligation Proposals

Treasurer Magaziner provided background on the State's general obligation debt that will appear on the November 2016 ballot, stating there is about \$230 million worth of this type of debt that will be subject to voter approval. Under current PFMB guidelines, set in 1999, the State has a target ratios of total debt to personal income tax supported debt of no more than 5-6% and total debt service to general fund revenues to of not to exceed 7 1/2 %. Assuming the issuance of the proposed new debt, combined with existing debt, the debt ratios will remain comfortably below the credit guidelines.

Mr. Quinn highlighted the overall outcome of the report was positive.

IX. Discussion of Reports/Articles

Treasurer Magaziner began the discussion starting with the *New England Public Policy Center Report: Why is State and Local Government Capital Spending Lower in the New England States than in Other U.S. States?* He summarized they found New England states, especially Rhode Island, are near the bottom when it comes to capital spending which includes spending on roads, highways, university buildings. Rhode Island is an outlier as it has disproportionate debt outstanding is for private purposes, which include housing, student loans and economic development. If private purpose debt is excluded, Rhode Island debt versus the national average is actually lower. Treasurer Magaziner noted the data used for the study was census data, which can be inconsistent. He opened the floor for discussion on the findings.

Next, the board talked of the Wall Street Journal article *Needed: A Contingency Plan for Secular Stagnation Study* predicting that the environment over the past few years with low growth and low interest rates will continue for quite some time. The Treasurer opened the floor for discussion on the assertion.

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

On a motion by Ms. Williamson and seconded by Mr. Mancini, it was unanimously **VOTED: To adjourn the meeting.**

There being no further business, the meeting adjourned at 10:04 a.m.

Respectfully submitted,

**Seth Magaziner,
General Treasurer**