Fiscal Year 2015 Report on Debt Management to the Public Finance Management Board

September 2016

State of Rhode Island
And Providence Plantations

OFFICE OF THE GENERAL TREASURER

SETH MAGAZINER
GENERAL TREASURER

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September 30, 2016

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Dear Members of the Board,

I am pleased to present the Fiscal Year 2015 Report on Debt Management. This is the final iteration of the annual debt management report issued before the completion of the new statewide debt affordability study launched earlier this year.

In June 2016 at the request of our office, the General Assembly approved legislation that strengthens Rhode Island's debt management, including changes to the Public Finance Management Board's (PFMB's) statutory charge. While Exhibit A of this report has a complete summary of these legislative changes, new PFMB reporting requirements are of note. Specifically, the 2016 legislation contains reporting requirements that call for the PFMB to produce a debt affordability study, which will include recommended limits of debt capacity for each issuer of debt in the State, no less frequently than every two years. This study will evaluate the capacity of state, regional, municipal, public and quasi-public corporations, fire districts and special districts that have the authority to issue revenue bonds, general obligation bonds or notes, and lease participation certificates to issue such obligations.

The PFMB and Treasury staff have begun work on the debt affordability study, with a goal of completing the study in early 2017. This will be the first debt affordability study the state has undertaken since the 1990s and the first time that such a study will include recommended debt affordability targets for all Rhode Island debt issuers. Going forward, it is likely that the nature and scope of this annual report will change materially once the PFMB begins releasing its bi-annual debt affordability study.

Among the highlights from this year's annual report, which is based on public debt data at the close of the of the 2015 fiscal year:

- The state's net tax supported debt totaled $1.717 billion at the close of FY 2015, compared to $1.816 billion at the close of FY 2014.
- The ratio of total state tax supported debt service to general revenues during FY 2015 was 6.33%, well within the PFMB's guideline of 7.5%. Total state tax supported debt to personal income was 3.27%, which was below the 5.0% to 6.0% guideline. It should be noted that both of these guidelines, which have been unchanged since 1999, may be revisited following the completion of the new affordability study.

- In connection with the issuance of State GO bonds in 2016 the rating agencies published credit reports maintaining ratings of Aa2/AA/AA by Moody's, Standard & Poor's and Fitch, respectively. Notably, each of the rating agencies also now has applied a long term ratings outlook of stable. This year is the first time since 2007 that all three agencies have a stable outlook on the State's GO bonds.
- Total quasi-public agency debt totaled $7.70 billion at the close of FY 2015, compared to $8.09 billion at the close of FY 2014.
- Municipal tax-supported debt totaled $1.58 billion at the close of FY 2015, compared to $1.65 billion at the close of FY 2014.

As demonstrated by the following report, Rhode Island's recent fiscal policy reforms and investments in economic development have contributed to a strengthened fiscal condition.

- As a result of the state's 2011 pension reform and 2015 settlement agreement, the unfunded pension liability for State employees and teachers is $3.6 billion lower than it was projected to be before pension reform. The FY 2016 Annual Required Contribution (ARC) is projected to be $400 million lower than it would have been without pension reform.
- The Reinventing Medicaid Act of 2015 is on track to save over $77 million in state Medicaid spending annually without cutting eligibility or reducing benefits.
- During FY 2015 general fund revenues exceeded previous forecasts by $24.4 million.

The combination of higher than anticipated revenue and reductions to structural liabilities has led to demonstrable progress in reducing the state's structural deficit – in 2013 the FY 2018 deficit was projected to be $469 million; it is now projected to be less than $200 million.

- For the fifth consecutive year the State has not had to issue tax-anticipation notes after needing to in 17 of the previous 23 years (1988-2010). This improvement reflects the build-up of the budget stabilization fund and other reserves as well as improved cash management.
- The state's liquidity and budgeting practices have improved significantly in recent years: the state currently maintains a fully-funded budget stabilization fund equivalent to 5% of anticipated revenues, and enacts budgets based on 97% of anticipated revenues.

Rhode Island has made steady progress in improving its fiscal condition over the past few years. Moreover, the recently enacted debt management reform legislation will help bring Rhode Island closer in line with national best practices, and will empower the PFMB to better fulfill its original purpose of providing strong reporting and accountability for all public debt throughout the state. This revised annual report and the upcoming debt affordability study, combined with the ongoing, expanded efforts of Treasury's Division of Debt Management, will further improve the State's financial standing, allowing for more efficient and robust investments in our local economy that will benefit all Rhode Islanders.

Sincerely,

Seth Magaziner

Seth Magaziner
General Treasurer

Section 1– 2015 Highlights

Rhode Island's Debt Burden Remains Moderately High, but Overall Net Tax-Supported Debt is Decreasing

Rhode Island's debt levels are still moderately high relative to most other states, as evidenced by the following statistics provided by a Moody's Investor Service State Debt Medians Report (June 2016) and state budget data.

- Rhode Island ranks 15th highest among all states in Net Tax-Supported Debt as a percent of personal income, at 3.7% (based on Moody's calculations and 2014 personal income).
- Rhode Island ranks 13th highest among all states in Net Tax-Supported Debt per capita at $1,813 (based on Moody's calculations).

However, despite relatively high debt levels, overall Net Tax-Supported Debt is decreasing:

- Net Tax-Supported Debt decreased annually by 1.7% from FY11–FY15. Personal income growth for the same period was 3.8%.
- In FY15 the general obligation debt decreased by 7.3% over FY14. From FY11–FY15 general obligation debt decreased at a rate of 0.6%.
- Over the last four years, Net Tax-Supported Debt decreased by $118.3 million, from $1.84 billion at FY11 to $1.72 billion at FY15, representing a decrease of 5.4% from $1.82 billion at FY14.

Rhode Island's Credit Profile Continues to Strengthen, Though More Work Remains

As a result of pension reform, Medicaid reform, investments in economic development and infrastructure, and other achievements, Rhode Island has made significant strides toward reducing its structural deficit and strengthening its fiscal and credit position. The following initiatives indicate that Rhode Island is committed to growing its economy, fixing structural budget imbalances, and reducing long-term cost drivers:

- **Pension Reform-** Rhode Island successfully reached a 2015 settlement agreement with most of the parties bringing legal actions related to the pension reforms enacted through the 2011 Rhode Island Retirement Security Act (RIRSA). This settlement is projected to preserve more than 92% of the savings of the Rhode Island Retirement Security Act of 2011. As a result of RIRSA, the unfunded pension liability for State employees and teachers is $3.6 billion lower than it was projected to be before pension reform. Savings on the FY 2016 ARC is projected to be over $400 million.
- **Medicaid Reform-** With strong partnership from legislative and community leaders, Rhode Island passed the Reinventing Medicaid Act of 2015, which is currently being implemented and is on track to save $77 million in state Medicaid spending in 2016 without cutting eligibility or reducing benefits. In outer years, the savings associated with these initiatives are projected to be even larger, including over $100 million in projected savings in FY 2017 (compared to projected costs without this reform).
- **Long-term Deficit Reduction-** Though the state budget's outer-year projections still predict deficits, projected deficits are significantly smaller than the projections from prior years. Three

years ago, the state was projecting a $469 million FY 2018 deficit. Now the state projects a FY 2018 deficit of less than $200 million. Out-year deficits on the five-year time horizon were once nearly a half of a billion dollars; now they are significantly lower. For example, the FY 2017 budget as enacted projects a FY 2021 budget deficit of $313.6 million

- Investments in Economic Development- Since 2015 Rhode Island has launched a series of significant proactive policies aimed at growing the economy, reducing the cost of doing business, and promoting a skilled workforce (see table below). Taken together, the new programs provide a more robust toolkit for state economic development officials to retain, grow, and attract businesses and talent in Rhode Island, thereby addressing some of the economy's underlying structural challenges.

Key New Economic Development Programs*

Program	Description
Rebuild RI Tax Credit	Redeemable tax credits covering up to 20% – and, in some cases, 30% – of projects costs. Commercial office, industrial, residential, mixed use development, ground-up construction and historic rehab can qualify. A minimum project cost of $5 million and certain square footage/project size minimums may apply. Approved projects can also be exempted from sales tax on construction materials, furnishings and equipment.
Qualified Jobs Incentive Tax Credit	Companies expanding their workforce in RI or relocating jobs from out of state can receive annual, redeemable tax credits for up to 10 years. Credits can equal up to $7,500 per job per year, depending on the wage level and other criteria. The minimum number of new jobs needed to qualify varies by industry and company size, but can be as few as 20, or even 10, jobs. The first 500 jobs approved under the program will receive the maximum credit available.
First-Wave Economic Development Closing Fund	Discretionary fund provides gap financing in the form of a loan or conditional grant to support projects that result in job creation or retention. Factors considered include economic impact; amount of financing gap; strategic importance; quality and number of jobs; quality of indstury and project; and competitive offers regarding the project from other entities.
Industry Cluster Grants	Competitive grants provided for starting, growing, or improving industry sector partnerships, including encouraging companies tow ork together to solve problems, exchange technology and share talent.
Wavemaker Fellowship	A financial incentive for graduates of Rhode Island colleges and universities to stay in Rhode Island. Student loan payments are defrayed for up to four years for graduates pursuing careers or starting businesses in technology, engineering, design and other key sectors.

*This list does not represent all economic development incentives offered by the Commerce Corporation.

- Investments in Infrastructure- During the 2016 legislative session Rhode Island launched the RhodeWorks plan, an ambitious effort to repair the state's infrastructure. The legislation provided authorization for $300 million in new GARVEE bonding authority; the refunding of existing, outstanding GARVEE bonds; and authorization for ongoing funding from tractor trailer tolling (estimated to raise $45 million annually). Since the legislation, the Commerce Corporation issued Series 2016A GARVEE Refunding Bonds, providing over $129 million to the Department of Transportation over the next three years. The Commerce Corporation is currently pursuing a new money issuance of approximately $250 million, which, together with the original issue premium, will generate the authorized $300 million in GARVEE project funds. Together, these financing initiatives will fund numerous critical infrastructure upgrades across the state, employing thousands of tradesmen and women.

- Responsible Cash and Budget Management- Rhode Island has maintained a strong cash position, and has not borrowed for cash flow purposes since FY 2012. Treasury continues to require that all state deposits be collateralized at 102 percent, and continues to maintain strong controls to ensure all obligations are met in a timely fashion. Moreover, Rhode Island statute requires that the Rainy Day Fund be capped at 5 percent of spending. The enacted FY 2017 budget included a fully funded Rainy Day Fund balance of $189.9 million.

Rhode Island's efforts to improve its credit position continue to be recognized by the credit rating agencies, which have all issued stable guidance on the state's credit ratings. The following table summarizes the credit strengths and weaknesses as identified by Moody's, S&P and Fitch rating agencies in their most recent reports published in April 2016.

	Credit Strengths	Credit Weaknesses
Fitch Ratings (AA)	• State's financial operations are conservatively managed and State proactively acts to close budget gaps • State has experienced improved financial position with general revenues increasing for the fifth and sixth consecutive years in 2014, 2015 • State's liabilities have stabilized with more disciplined debt issuance policies, cash-funding of projects, and settlement of pension litigation	• Economic performance remains below national levels with weaker demographic profile of very slow population growth and a slightly older population • State's combined burden of debt and unfunded pension liabilities is well above average
Moody's (Aa2)	• Strong financial management practices including consensus revenue forecasting and multi-year financial planning • Consistent maintenance of reserves resulting in positive general fund balances • Narrow but improving liquidity	• Economy that has long lagged the nation's • Weak demographics • High relative combined debt and pension liabilities
Standard & Poor's (AA)	• Strong government framework and financial management as demonstrated by budget adjustments that closed large gaps and fully funded reserves in recent fiscal years • General revenue mix is a strength with no significant concentration in a single revenue source	• Relatively weak economy compared with that of many other states with recovery of only 70% of jobs lost during the recession • Budget is structurally unbalanced and relies on one-time revenues • Low pension funding levels, even after recently adopted reforms

Section 5 of this report further elaborates on recent assessments Rhode Island has received from rating agencies.

Rhode Island is Adopting Stronger Debt Management Practices

In 2016, Treasurer Magaziner proposed and the General Assembly approved a series of measures to strengthen management of public debt in Rhode Island. Among these changes is the requirement that the PFMB produce debt affordability studies no less than every two years, the creation of an office of debt management tasked with overseeing the issuance, compliance, monitoring and forecasting of state debt, and stronger reporting requirements for municipal and quasi-public debt issuers. The new debt management policies adopted in 2016 are detailed further in Exhibit A.

Section 2 – Rhode Island State Credit Guidelines

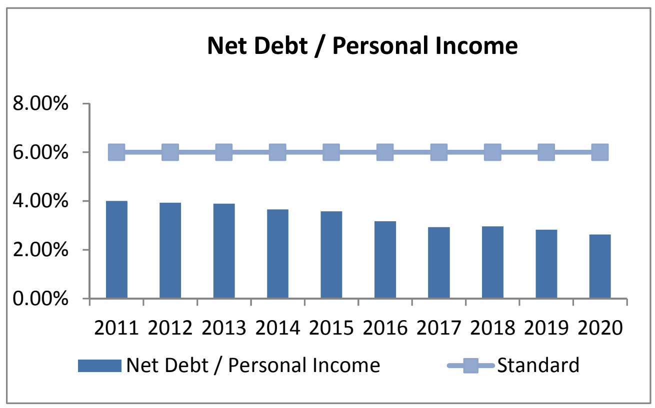
Traditionally, Rhode Island has relied on the PFMB's credit guidelines to assess overall debt levels. These guidelines were adopted in 1997 and revised in 1999, and will be reviewed as one component of the state's ongoing 2016-2017 debt affordability study. The current guidelines include:

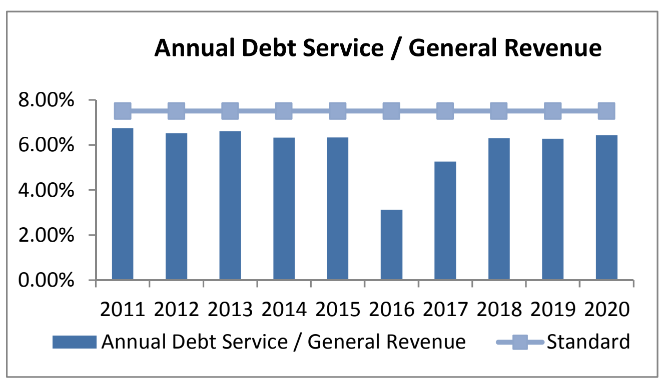
- Credit Guideline 1: Tax-Supported Debt to not exceed the target range of 5.0% to 6.0% of personal income, and annual debt service for Tax-Supported Debt to not exceed 7.5% of General Revenues. It is anticipated that fluctuation of this ratio over the long-term will be affected by both variations in personal income levels and debt issuance. The target ranges will continue to be reviewed on an annual basis with consideration given to trends in the State's debt level and upcoming infrastructure projects.
- Credit Guideline 2: The Board should monitor the total amount of Tax-Supported Debt, State Supported Revenue Debt, and Agency Revenue Debt in relation to the State's personal income.
- Credit Guideline 3: The Credit Guidelines may be exceeded temporarily under certain extraordinary conditions. If a Credit Guideline is exceeded due to economic or financial circumstances, the Board should request that the Governor and the Legislature recommend a plan to return debt levels to the Guidelines within five years.

Guidelines Applied to FY 2015 Data:

The debt projections in this report remain within the Credit Guidelines relating to Net Debt to Personal Income, as the ratio will decline from 3.2% at FY16 to 2.6% at FY20. From FY11 to FY15, Personal Income grew at a rate of 3.8%, while Net Tax-Supported Debt decreased by 1.7%. The combination of higher Personal Income growth and lower debt growth resulted in the Net Debt to Personal Income ratio of 4.1% at FY11 decreasing to 3.3% for FY15.

Annual Debt Service as a percentage of revenues decreased from 6.7% in FY11 to 6.3% in FY15. Out year projections remain below the 7.5% PFMB guideline, but assume no additional debt is authorized. [1]





[1] The budget as enacted includes appendixes (A-3 and A-4) that project tax-supported debt and other obligations, including debt ratios, out five years. This data has traditionally been incorporated into previous PFMB reports in "Table 3-3" and is based on a schedule of proposed issuance (by agency) incorporated into the enacted budget (referred to as "Schedule 1"). All of the authorized, but unissued general obligation debt is accounted for in these numbers, as is new general obligation debt proposed and enacted for the 2016 and 2018 ballots. In terms of non-general obligation debt, only those items that the state expects to issue during this period are included in this schedule

Section 3 – Classification of State Debt

The PFMB has historically classified four types of debt for review in this study: tax-supported debt, state-supported revenue debt, agency revenue debt, and conduit debt:

- Tax-Supported Debt: Tax-Supported Debt is payable from or secured by general taxes and revenues of the State or by specific State collected taxes that are pledged to pay a particular debt. Because of the claim this debt has on the State's credit, this is the most relevant debt figure to State taxpayers.
- State Supported Revenue Debt: State Supported Revenue Debt is payable from specified revenues pledged for debt service which are not general taxes and revenues of the State. However, the State provides additional credit support to repay this debt if the pledged revenues are insufficient to meet scheduled debt service requirements. Because of the contingent nature of the State Credit Support, this figure is somewhat less important than Tax Supported Debt. This type of debt includes "moral obligation" debt.
- Agency Revenue Debt: Agency Revenue Debt is similar to State Supported Revenue Debt; except that no State credit support is legally pledged for repayment and the assets financed are State owned enterprises that are intended to be supported by internally generated fees and revenues. While this type of debt is not supported by State taxes, the agencies and public corporations responsible for this debt may also have financed some assets with State general obligation debt, thereby indirectly linking such debt to the State.
- Conduit Debt: Conduit Debt is issued by a state agency or public corporation on behalf of borrowers which include businesses, health care institutions, private higher education institutions, local governments, and qualified individuals (loans for higher education and housing purposes). No State credit support is provided.

Statewide Quasi-Public Issuers

There are currently 15 different statewide quasi-public debt issuers that have been authorized to sell various types of obligations. The table below presents a list of each issuer and the type of debt each has issued.

Issuer	Tax-Supported Debt	Revenue Debt (State Credit Support)	Agency Revenue Debt	Conduit Debt
Airport Corporation			X	
R.I. Infrastructure Bank				X
Convention Center Authority	X			
R.I. Commerce Corporation	X	X	X	
Health and Education Building Corp.				X
Housing, Mortgage, and Finance Corp.		X	X	X
Industrial Facilities Corp.		X		X
Narragansett Bay Commission			X	
Resource Recovery Corporation			X	
State of Rhode Island-Capital Leases	X			
State of Rhode Island-GO Bonds	X			
State Universities and Colleges			X	
Student Loan Authority				X
Turnpike and Bridge Authority			X	
Water Resources Board			X	

Note: The Airport Corporation issues debt through the Commerce Corporation. Also, the RI Industrial-Recreational Building Authority insures bonds, and the RI Water Resources Board Corporate previously issued revenue bonds, before its dissolution in 2015.

Rhode Island FY 2015 Debt Statement

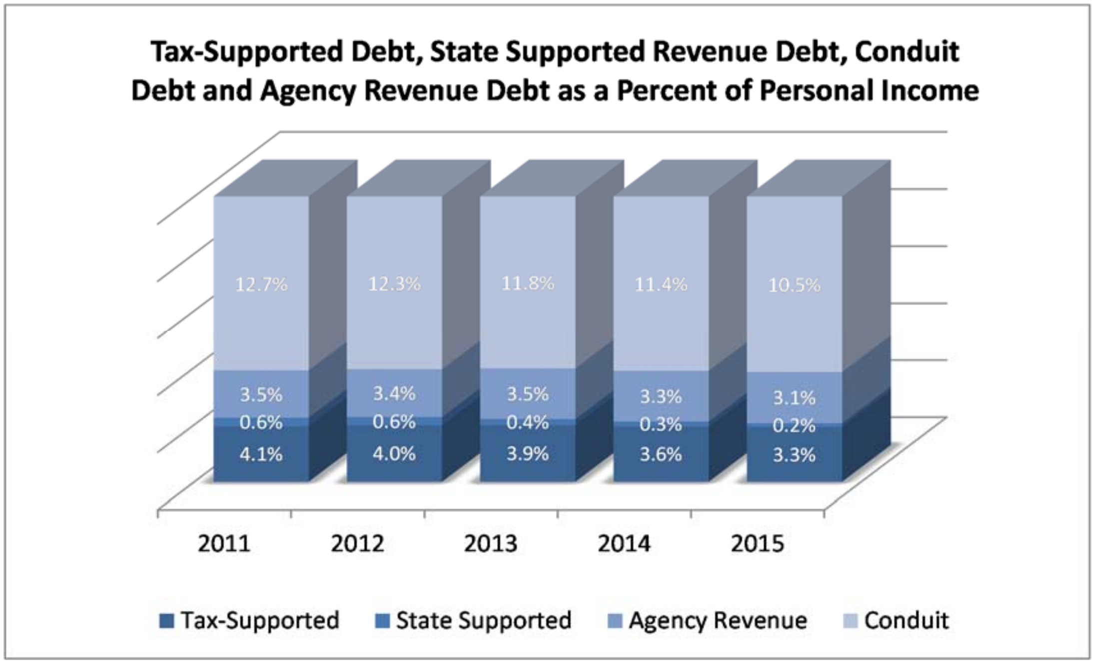
Table 1
Rhode Island Debt Statement
(as of June 30, 2015, dollars in millions, principal amount)

		6/30/2013	6/30/2014	6/30/2015
Tax-Supported Debt	General Obligation Bonds	1,119.4	1,103.9	1,022.9
	Capital Leases	233.0	207.6	235.1
	Convention Center Authority	237.0	226.9	216.2
	R.I. Commerce Corporation	321.9	289.3	253.8
	Gross Tax-Supported Debt	1,911.3	1,827.7	1,728.0
	Agency Payments	(21.4)	(12.1)	(10.9)
	Net Tax-Supported Debt	$1,889.9	$1,815.6	$1,717.1
State Supported Revenue Debt	R.I. Commerce Corporation - Providence Place Mall	22.6	20.3	17.9
	R.I. Housing	164.2	131.9	87.5
	Industrial Recreational Building Authority - Insured Industrial Facilities Corporation	16.1	14.9	11.3
	State Supported Revenue Debt	$202.9	$167.1	$116.7
Agency Revenue Debt	Airport Corporation	323.1	315.6	300.9
	R.I. Commerce Corporation	71.2	76.7	75.8
	R.I. Commerce Corporation - GARVEE Bonds, Federally Funded	311.6	279.0	244.9
	R.I. Housing	5.0	5.0	5.0
	Narragansett Bay Commission	562.9	619.6	589.0
	Resource Recovery Corporation	40.0	36.5	32.9
	State University and Colleges	311.5	247.7	238.6
	Turnpike and Bridge Authority	64.3	87.1	119.2
	Water Resources Board	2.3	0.6	0.0
	Agency Revenue Debt	$1,691.9	$1,667.8	$1,606.3
Conduit Debt	R.I. Infrastructure Bank	746.9	774.1	746.5
	Health and Educational Building Corporation	2,784.5	2,913.8	2,851.3
	R.I. Housing	1,397.0	1,311.7	1,261.0
	Industrial Facilities Corporation	63.6	57.6	50.7
	Student Loan Authority	762.8	698.6	611.7
	Conduit Debt	$5,754.8	$5,755.8	$5,521.2

Sources: FY 17 Capital Budget and Treasury Survey of R.I. Quasi-Public Corporations subject to their revisions.

Historic Breakdown

Historic budget data provides historic insight into Rhode Island's four classifications of debt levels as a percentage of personal income (Tax-Supported; Revenue; Conduit; and Agency Revenue).



This graph demonstrates that each of the four categories of debt as a percentage of personal income has declined since FY 2011. It also illustrates the relative differences between categories. For example, in FY 2015, Conduit debt as a percent of personal income (10.5 percent) was over three times greater than Agency Revenue debt levels as a percentage of personal income (3.1 percent), and over two times greater than overall Tax-Supported debt as a percentage of personal income.

Current Tax-Supported Debt

Tax-Supported Debt includes general obligation bonds and bonds payable from leases which are subject to appropriation from the State's general fund. Credit ratings for this debt are largely dependent on the general fiscal condition of the State, amount of Tax-Supported Debt currently outstanding, the characteristics of the specific tax that is pledged for repayment, and the economic conditions of the State.

The table below presents the amounts and types of Tax-Supported Debt for the five years ending June 30, 2015 with resulting debt ratios. For FY15, the State's Debt to Personal Income ratio of 3.3% and Debt Service to Revenue ratio of 6.3% were in compliance with the Credit Guideline maximums of 6.0% and 7.5%, respectively. A detailed statement of Outstanding Tax-Supported Debt (actual) as of June 30, 2015 is presented in Exhibit B.

Table 2

Tax-Supported Debt: Fiscal Years 2011 - 2015

(dollars in millions, principal amount)

Fiscal Years	2011	2012	2013	2014	2015	CAGR FY 11 - 15
General Obligation Bonds	$ 1,049.4	$ 1,110.6	$ 1,119.4	$ 1,103.9	$ 1,022.9	-0.6%
Capital Leases	224.0	233.8	233.0	207.6	235.1	1.2%
Convention Center Authority	259.6	250.5	237.0	226.9	216.2	-4.5%
R.I. Commerce Corporation	323.0	300.5	321.9	289.3	253.8	-5.8%
R.I.H.M.F.C. Neighborhood Opp. Hsing	3.5	-	-	-	-	-
Gross Tax-Supported Debt	$ 1,859.5	$ 1,895.4	$ 1,911.3	$ 1,827.7	$ 1,728.0	-1.8%
Agency Payments	(24.1)	(22.8)	(21.4)	(12.1)	(10.9)	-18.0%
Net Tax-Supported Debt	$ 1,835.4	$ 1,872.6	$ 1,889.9	$ 1,815.6	$ 1,717.1	-1.7%
Annual Net Tax-Supported Debt Service (1)	$ 212.8	$ 217.7	$ 230.3	$ 225.1	$ 230.8	2.1%
Debt Ratios: (2)						
Annual Debt Service / Revenues (7.5%)	6.7%	6.5%	6.6%	6.3%	6.3%	-1.6%
Net Debt / Personal Income (5% - 6%)	4.1%	4.0%	3.9%	3.6%	3.3%	-5.2%
Net Debt / Capita	$ 1,743.2	$ 1,781.2	$ 1,799.4	$ 1,720.7	$ 1,627.3	-1.7%
Assumptions:						
Revenues (1), (3)	$ 3,159.3	$ 3,338.7	$ 3,484.7	$ 3,560.8	$ 3,649.5	3.7%
Personal Income	$ 45,291.8	$ 46,744.8	$ 48,853.8	$ 50,662.5	$ 52,487.5	3.8%
Population (4)	1,052,886	1,051,302	1,050,292	1,055,173	1,055,173	0.1%

CAGR = Compound Annual Growth Rate

Source: FY 17 Capital Budget

(1) FY 12 - FY 16 Capital Budgets.

(2) Based on Net Tax-Supported Debt which includes agency payments.

(3) Revenues include actual general revenues plus dedicated gas tax transfers.

(4) Population estimates for 2015 are from the U.S. Census Bureau, September 30, 2015.

As the result of decreases in General Obligation debt, Convention Center Authority debt and R.I. Commerce Corporation debt, total Net Tax-Supported Debt decreased by a CAGR of 1.7% from FY11 to FY15. These decreases were partially offset by a 1.2% CAGR increase in Capital Leases debt. State personal income grew at an annual compound rate of 3.8% while revenues increased by 3.7% over the same period.

The Governor, with approval by the General Assembly, also authorizes certain departments to finance the acquisition of equipment and the acquisition and improvement of buildings by using capital leases. Capital leases have been used to finance various projects such as the Attorney General's office, the ACI Intake Center, the office complex at Howard Center for the Department of Labor and Training and power generation facilities at the State Colleges and Universities. These capital leases are considered Tax-Supported Debt by bond credit analysts.

The Commerce Corporation, formerly the Economic Development Corporation (the "EDC") issues debt that will be paid from State taxes and revenues which represents 14.8% of Net Tax-Supported Debt. This debt contains unusual credit features, which obligate the State to pay debt service under certain expected circumstances. Two such previously contracted issues (Fidelity and Fleet leases) carry a moral obligation and springing appropriation pledge triggered by the firms' hiring levels, which requires the State to appropriate funds in the event that certain job hiring targets are met. In the event performance targets are not met, the State is not obligated to pay under the agreements. The purpose of this type of performance-based credit structure is to foster economic development, and to justify such appropriations by the generation of incremental income tax receipts. For this reason, issuance must be carefully monitored and measured for budget purposes.

Tax-Supported Debt Projections

Using data provided by the State Budget Office from the FY2017 budget as enacted, an estimate of the Tax-Supported Debt for the FY16 – FY20 period has been developed along with a forecast of certain debt ratios (see Table 3).

Gross Tax-Supported Debt (excludes adjustments for agency payments) is projected to decrease from $1,687.3 million in FY16 to $1,682.5 million in FY20 (a 0.1% decrease); and Net Tax-Supported Debt is projected to slightly increase from $1,677.8 million in FY 2016 to $1,679.0 million in FY 2020.

It also appears that Net Tax-Supported Debt is projected to stay within recommended PFMB debt limits. By FY 2020, annual Debt Service as a Percentage of Revenues is estimated to be 6.4 percent; and Net Debt to Personal Income is projected to be 2.6 percent.

Table 3

Tax-Supported Debt: Fiscal Years 2016 - 2020

(dollars in millions, principal amount)

Fiscal Years	2016	2017	2018	2019	2020	CAGR FY 16 - 20
General Obligation Bonds	$ 1,047.4	$ 1,079.9	$ 1,184.8	$ 1,195.2	$ 1,220.8	3.9%
Capital Leases	209.3	182.3	159.6	135.6	110.4	-14.8%
Convention Center Authority	205.0	193.5	182.6	171.1	159.0	-6.2%
R.I. Commerce Corporation	225.6	238.2	265.9	229.7	192.3	-3.9%
Gross Tax-Supported Debt	$ 1,687.3	$ 1,693.9	$ 1,792.9	$ 1,731.6	$ 1,682.5	-0.1%
Agency Payments	(9.5)	(8.0)	(6.6)	(5.1)	(3.5)	-22.1%
Net Tax-Supported Debt	$ 1,677.8	$ 1,685.9	$ 1,786.3	$ 1,726.5	$ 1,679.0	0.02%
Annual Net Tax-Supported Debt Service (1)	$ 118.1	$ 201.1	$ 245.1	$ 244.1	$ 253.5	21.0%
Debt Ratios: (2)						
Annual Debt Service / Revenues (7.5%)	3.1%	5.3%	6.3%	6.3%	6.4%	19.8%
Net Debt / Personal Income (5% - 6%)	3.1%	2.9%	3.0%	2.8%	2.6%	-4.1%
Net Debt / Capita	$ 1,590.1	$ 1,597.7	$ 1,692.9	$ 1,636.2	$ 1,591.2	0.0%
Assumptions:						
Revenues	$ 3,783.0	$ 3,822.4	$ 3,887.7	$ 3,893.6	$ 3,942.6	1.0%
Personal Income	$ 54,391.0	$ 57,221.3	$ 59,961.0	$ 62,263.4	$ 64,243.7	4.2%
Population (3)	1,055,173	1,055,173	1,055,173	1,055,173	1,055,173	0.0%

CAGR = Compound Annual Growth Rate

Source: FY 17 Capital Budget

(1) Projected Net Tax-Supported Debt Service. Reflects refunding of certain General Obligations Bonds refunded in 2015 and 2016.

(2) Based on Net Tax-Supported Debt which includes agency payments.

(3) Population estimates for 2015 are from the U.S. Census Bureau, September 30, 2015.

State Supported Revenue Debt

State Supported Revenue Debt is payable from specified revenues pledged for debt service which are not general taxes and revenues of the State. The State provides additional credit support to repay this debt only if the pledged revenues are insufficient to meet scheduled debt service payments.

The State provides credit support in a variety of forms. For purposes of this report, State Credit Support is broadly defined to include a contingent commitment to make annual appropriations under a lease, a contingent commitment to seek appropriations to replenish a special debt reserve, direct guarantees of debt payments, commitments to pay all or a portion of debt service under certain conditions, and commitments to provide other payments which indirectly secure or directly pay debt service.

A contingent commitment to seek appropriations to replenish a special debt reserve is known as a "Moral Obligation" and has special meaning to credit analysts. State laws that authorize Moral Obligation debt require notification by the Governor to the General Assembly when a deficiency in a special debt service reserve has occurred. The Governor then is required to request an appropriation to replenish the reserve to its required level. Credit analysts view Moral Obligation bonds as a contingent State obligation even though the legislative body is not contractually required to make the requested appropriation.

State Supported Revenue Debt represents a substantial contingent obligation of the State of $116.7 million at June 30, 2015, down from $167.1 million at June 30, 2014. While this type of debt is intended to be paid from dedicated revenues generated from financed projects, the State has provided credit support to additionally secure this debt. Because of the implied financial commitment of State support in the event of any unanticipated revenue shortfall, the level of this debt is an important consideration for the credit ratings of the State's Tax-Supported Debt. The table below presents the amounts and types of State Supported Revenue Debt for the five years ending June 30, 2015.

Table 4

State Supported Revenue Debt: Fiscal Years 2011 - 2015

(dollars in millions, principal amount)

Fiscal Years	2011	2012	2013	2014	2015	CAGR FY 11 - 15
R.I. Commerce Corporation - Providence Place Mall	$ 26.7	$ 24.7	$ 22.6	$ 20.3	$ 17.9	-9.5%
R.I. Housing	235.2	227.1	164.2	131.9	87.5	-21.9%
Industrial Recreational Building Authority - Insured Industrial Facilities Corporation	20.8	19.5	16.1	14.9	11.3	-14.1%
Total	$ 282.7	$ 271.3	$ 202.9	$ 167.1	$ 116.7	-19.8%

CAGR = Compound Annual Growth Rate

Source: Treasury Survey of R.I. Quasi-Public Corporations.

The largest component of State Supported Revenue Debt is the Moral Obligation debt of Rhode Island Housing, which has decreased by $147.7 million (CAGR of -21.9%) since 2011. State Supported Revenue Debt decreased by an annual compound rate of 19.8% for the period from FY11 to FY15.

The Rhode Island Industrial Facilities Corporation ("RIIFC") issues bonds which are secured by loans and mortgages of private borrowers, but the bonds may be additionally secured by a voter authorized commitment provided by the Industrial-Recreational Building Authority ("IRBA") which is funded by State appropriations. The portion of RIIFC's debt guaranteed by IRBA is shown in this category.

The Commerce Corporation is authorized by the General Assembly to secure certain of its revenue bonds with the State's Moral Obligation with the approval of the Governor, similar to the Fidelity and Fleet Performance Obligations described in Tax Supported Debt.

Agency Revenue Debt

Agency Revenue Debt is similar to the previous classification, except that the State has not provided any form of credit support and no general taxes or revenues are pledged for payment of these bonds. This type of debt is isolated from the State's general credit, but because the borrowers are agencies or corporations created by the General Assembly, this debt is not as removed as Conduit Debt.

Investors would expect that the State would take no actions which would cause these bond issuers financial harm, and the State has no legal responsibility to prevent financial defaults. However, as a practical matter, the State facilities which are financed in this manner, such as the University of Rhode Island, the Claiborne Pell and Mt. Hope Bridges, and the T.F. Green Airport expansion, are important public facilities, the use of which the State may not elect to surrender in the event that the pledged revenues were insufficient to pay debt service. For this reason, this type of debt is important to the State's credit standing.

The State has issued general obligation bonds to finance facilities of several of the agencies shown in the table below. Only the Revenue Debt of these agencies is presented in this table, and any other debt is presented in the sections relating to Tax-Supported Debt.

Table 5

Agency Revenue Debt: Fiscal Years 2011 - 2015

(dollars in millions, principal amount)

Fiscal Years	2011	2012	2013	2014	2015	CAGR FY 11 - 15
Airport Corporation	$ 309.7	$ 300.8	$ 323.1	$ 315.6	$ 300.9	-0.7%
R.I. Commerce Corporation	97.5	100.2	71.2	76.7	75.8	-6.1%
R.I. Commerce Corporation - GARVEE Bonds (1)	372.3	342.7	311.6	279.0	244.9	-9.9%
R.I. Housing	5.0	5.0	5.0	5.0	5.0	0.0%
Narragansett Bay Commission	422.4	488.5	562.9	619.6	589.0	8.7%
Resource Recovery Corporation	13.1	12.2	40.0	36.5	32.9	25.9%
State University and Colleges	276.2	268.7	311.5	247.7	238.6	-3.6%
Turnpike and Bridge Authority	69.2	66.8	64.3	87.1	119.2	14.6%
Water Resources Board (2)	4.1	2.3	2.3	0.6	-	-
Total	$ 1,569.5	$ 1,587.2	$ 1,691.9	$ 1,667.8	$ 1,606.3	0.6%

CAGR = Compound Annual Growth Rate

Source: Treasury Survey of R.I. Quasi-Public Corporations.

(1) Federally Funded

(2) Previously issued revenue bonds, dissolved in 2015

In terms of compound annual growth rate in agency revenue debt between FY 2011 and FY 2015, the Resource Recovery Corporation experienced the largest increase (25.9 percent), followed by the Turnpike and Bridge Authority (14.6 percent). The Narragansett Bay Commission experienced the third-highest growth rate (8.7 percent). Overall, Agency Revenue debt grew at a compound annual rate of 0.6% from FY11 - FY15. Because payment of this category of debt is supported by fees, charges, or other revenues, an increase in this type of debt may be considered as one indicator of economic growth. However, either a stable or growing economy is needed to support such debt.

Conduit Debt

Conduit Debt is issued by a State agency on behalf of borrowers, which include businesses, health care institutions, private higher education institutions, local governments, and qualified individuals (loans for housing and higher education purposes). These borrowers are able to borrow at the favorable tax exempt interest rates under the federal tax laws by having a State agency issue bonds on their behalf.

Conduit Bonds are payable from repayment of loans by the borrowers and are independent of the State's credit. Investors would not expect any assistance by the State in the event the borrower experienced financial difficulties or if the debt were to default. None of the debt presented in the table below is secured by any form of State Credit Support.

Conduit Debt, which represents the largest category of debt, decreased at a compounded annual rate of 1.1% from FY11-FY15. The agencies which experienced the most significant growth in debt were the R.I. Infrastructure Bank and the Health and Educational Building Corporation with compounded annual growth rates of 2.7% and 2.6% respectively.

Table 6

Conduit Debt: Fiscal Years 2011 - 2015

(dollars in millions, principal amount)

Fiscal Years	2011	2012	2013	2014	2015	CAGR FY 11 - 15
R.I. Infrastructure Bank	$ 671.2	$ 706.9	$ 746.9	$ 774.1	$ 746.5	2.7%
Health and Educational Building Corporation	2,574.5	2,736.5	2,784.5	2,913.8	2,851.3	2.6%
R.I. Housing	1,416.5	1,370.7	1,397.0	1,311.7	1,261.0	-2.9%
Industrial Facilities Corporation	80.8	65.5	63.6	57.6	50.7	-11.0%
Student Loan Authority	1,026.6	863.0	762.8	698.6	611.7	-12.1%
Total	$ 5,769.6	$ 5,742.6	$ 5,754.8	$ 5,755.8	$ 5,521.2	-1.1%

CAGR = Compound Annual Growth Rate

Source: Treasury Survey of R.I. Quasi-Public Corporations.

Section 4 –Tax-Supported Debt Peer Comparison

In May 2016, Moody's issued its annual US State Debt Median report, which reviews and ranks Net Tax-Supported Debt levels for US States. Net Tax-Supported Debt is measured relative to state personal income, population, and general revenue levels. The peer states of Delaware, Connecticut, Massachusetts, Maine, New Hampshire, and Vermont were selected for comparison purposes due to geographical proximity (the New England states), population (Delaware, Vermont, New Hampshire, Maine), age of infrastructure (all), and concentration of services at the state level (Delaware).

The Tax-Supported Debt to personal income ratio (see Table 7) measures the State's debt paid from general taxes and revenues in comparison to personal income, which is considered to be a good measure of the State's aggregate wealth. Rhode Island's Net Tax-Supported Debt to Personal Income ratio had decreased over the period from 2010 - 2015 and its ranking dropped from the 13th highest in the country to the 15th highest.

Table 7

Net Tax-Supported Debt to Personal Income

Year	RI	RI National Rank	Moody's Median	Peer State Ave	DE	CT	MA	ME	NH	VT
2005	4.3%	16th	2.4%	4.7%	5.5%	8.5%	8.5%	2.2%	1.3%	2.3%
2006	4.1%	13th	2.5%	4.8%	5.3%	8.0%	9.8%	2.0%	1.4%	2.2%
2007	4.6%	13th	2.4%	4.7%	5.5%	7.8%	9.4%	1.9%	1.3%	2.1%
2008	4.7%	12th	2.6%	4.6%	5.2%	7.3%	9.8%	1.9%	1.3%	2.0%
2009	4.5%	11th	2.5%	4.6%	5.4%	8.2%	8.9%	2.2%	1.3%	1.8%
2010	5.2%	13th	2.5%	5.0%	6.2%	8.7%	9.2%	2.2%	1.6%	1.8%
2011	4.7%	14th	2.8%	5.2%	6.8%	9.1%	9.4%	2.3%	1.8%	2.0%
2012	4.7%	13th	2.8%	5.1%	6.2%	9.1%	9.3%	2.1%	1.9%	1.9%
2013	4.5%	13th	2.6%	5.0%	5.7%	9.2%	9.0%	2.4%	1.8%	2.0%
2014	4.2%	12th	2.5%	4.9%	5.5%	9.0%	8.7%	2.3%	1.7%	2.1%
2015	3.7%	15th	2.5%	5.1%	5.2%	9.8%	9.5%	2.2%	1.5%	2.1%

Source: Moody's Investors Service
May 6, 2016 - State Debt Medians Report

The Tax-Supported Debt to population (per Capita – see Table 8) ratio measures the State's debt paid from general taxes and revenues in comparison to the number of individuals in its jurisdiction, which is another measure allowing for comparisons of indebtedness.

Table 8

Net Tax-Supported Debt per Capita

Year	RI	RI National Rank	Moody's Median	Peer State Ave	DE	CT	MA	ME	NH	VT
2005	$ 1,402	11th	$ 754	$ 1,904	$ 1,845	$ 3,624	$ 4,128	$ 606	$ 514	$ 707
2006	$ 1,687	9th	$ 787	$ 1,944	$ 1,998	$ 3,713	$ 4,153	$ 603	$ 492	$ 706
2007	$ 1,766	9th	$ 889	$ 2,009	$ 2,002	$ 3,698	$ 4,529	$ 618	$ 499	$ 707
2008	$ 1,812	9th	$ 865	$ 2,150	$ 2,128	$ 4,490	$ 4,323	$ 743	$ 525	$ 692
2009	$ 2,127	9th	$ 936	$ 2,348	$ 2,489	$ 4,859	$ 4,606	$ 760	$ 665	$ 709
2010	$ 2,191	10th	$ 1,066	$ 2,508	$ 2,676	$ 5,236	$ 4,711	$ 865	$ 812	$ 747
2011	$ 1,997	12th	$ 1,117	$ 2,500	$ 2,674	$ 5,096	$ 4,814	$ 845	$ 776	$ 792
2012	$ 2,085	10th	$ 1,074	$ 2,529	$ 2,536	$ 5,185	$ 4,968	$ 814	$ 862	$ 811
2013	$ 2,064	10th	$ 1,054	$ 2,606	$ 2,485	$ 5,457	$ 4,999	$ 951	$ 864	$ 878
2014	$ 1,985	10th	$ 1,012	$ 2,593	$ 2,438	$ 5,491	$ 4,887	$ 942	$ 848	$ 954
2015	$ 1,813	13th	$ 1,025	$ 2,812	$ 2,385	$ 6,155	$ 5,592	$ 928	$ 808	$ 1,002

Source: Moody's Investors Service
May 6, 2016 - State Debt Medians Report

However, the ratio of Tax-Supported Debt to population fails to consider the economic wealth that supports the debt or the portion of the State's budget used to pay debt service. Table 8 illustrates that three of the six peer states (Delaware, Connecticut and Massachusetts), have levels of debt per capita above the national median. This may be due to the combined factors of age of infrastructure, low population, and the dependency on the state to shoulder greater financing responsibilities. Since 2005, Rhode Island's Net Tax-Supported Debt per Capita has consistently been below that of the peer state average.

Table 9 presents the key debt ratios that Standard & Poor's incorporates into its rating methodology and the median levels for all states. The medians calculated by Standard & Poor's for all states and the ratios for the peer states are shown in the table. Standard & Poor's calculates debt service to general government spending which is a close alternative to the ratio of debt service to general revenues calculated by the State. This ratio shows that, like Rhode Island, three of the six peer states (Delaware, Connecticut and Massachusetts), have levels of debt service to expenditures above the national median, and Connecticut and Massachusetts have levels higher than Rhode Island.

Table 9

Comparison to Peer States: Standard & Poor's Key Debt Ratios

Year	RI	RI National Rank	S&P Median	Peer State Avg	DE	CT	MA	ME	NH	VT
Tax-Supported Debt Per Capita										
2014	$1,745	14th	$957	$2,541	$2,367	$5,459	$5,121	$697	$652	$950
2015	1,708	15th	1,018	2,597	2,348	5,707	5,122	691	725	986
Tax-Supported Debt as a % of Personal Income										
2014	3.61%	16th	2.40%	4.54%	5.10%	8.42%	8.70%	1.71%	1.24%	2.05%
2015	3.50%	16th	2.50%	4.63%	5.10%	8.80%	8.70%	1.70%	1.40%	2.10%
Tax-Suported Debt as a % of Gross State Product										
2014	3.35%	14th	2.40%	3.95%	3.53%	7.76%	7.51%	1.66%	1.21%	2.01%
2015	3.60%	14th	3.70%	4.38%	3.50%	9.00%	8.20%	1.80%	1.50%	2.30%
Tax-Supported Debt Service as a % of General Government Spending										
2014	7.30%	8th	3.70%	5.89%	6.90%	10.91%	7.95%	3.70%	3.55%	2.30%
2015	7.20%	6th	3.90%	5.72%	5.50%	12.30%	7.00%	3.50%	4.00%	2.00%

Source: Standard & Poor's U.S. State Debt Levels May Be More Sustainable Than The Condition Of The Nation's Infrastructure, October 19, 2015 and "Debt Levels Flatline As U.S. States Prioritize Budget Management Over Investment, June 14, 2016

Note: Due to variations in calculation methods used by S&P, Rhode Island's debt ratios in this table are different than the same ratios which are presented in Table 2 and the ratios calculated by Moody's and presented in the Tables 7 and 8

Section 5- Credit Profile

Rhode Island's general obligation bonds are currently rated "Aa2/AA/AA" by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively, all with a "stable" outlook. See Exhibit D – Credit Rating Agency Reports. The following table summarizes the credit strengths and weaknesses as identified by the rating agencies in their most recent reports published in April 2016.

	Credit Strengths	Credit Weaknesses
Fitch Ratings	• State's financial operations are conservatively managed and State proactively acts to close budget gaps • State has experienced improved financial position with general revenues increasing for the fifth and sixth consecutive years in 2014, 2015 • State's liabilities have stabilized with more disciplined debt issuance policies, cash-funding of projects, and settlement of pension litigation	• Economic performance remains below national levels with weaker demographic profile of very slow population growth and a slightly older population • State's combined burden of debt and unfunded pension liabilities is well above average
Moody's	• Strong financial management practices including consensus revenue forecasting and multi-year financial planning • Consistent maintenance of reserves resulting in positive general fund balances • Narrow but improving liquidity	• Economy that has long lagged the nation's • Weak demographics • High relative combined debt and pension liabilities
Standard & Poor's	• Strong government framework and financial management as demonstrated by budget adjustments that closed large gaps and fully funded reserves in recent fiscal years • General revenue mix is a strength with no significant concentration in a single revenue source	• Relatively weak economy compared with that of many other states with recovery of only 70% of jobs lost during the recession • Budget is structurally unbalanced and relies on one-time revenues • Low pension funding levels, even after recently adopted reforms

Moody's Investors Service

A recent General Obligation credit opinion by Moody's (Aa2 rating for Rhode Island's $117.175M 2016 issuance) cited the following as credit strengths:

- Institutionalized governance practices such as semi-annual consensus revenue estimating conferences and out-year budget planning;
- Consistent funding of budget reserve leads to adequate rainy day fund balances; and
- Positive trends in liquidity management, eliminating the need for short-term borrowing.

Also, the following detailed credit considerations for Rhode Island were provided:

- Economy- While the Rhode Island economy has generally lagged the nation, in the most recent two years the state's performance has reflected sustained growth. Rhode Island also experienced "consistent population gains" in recent years. Also, while Rhode Island's personal income growth has been slower than the US, personal income in Rhode Island remains higher than the national average.
- Finances and Liquidity- Rhode Island's available fund balances were positive throughout the recession. The state's constitutional requirement to fund a budget reserve account when

appropriations are less than projected revenues is considered a credit strength. Moody's also cited greater-than-expected budget surpluses as another positive.

- Debt and Pensions- The state's overall debt burden has declined over the past 10 years, even though the state's debt ratios remain above average. Moody's cites "deliberate debt reduction policies, increased pay-as-you-go capital funding through RICAP, and gains in personal income" as contributing to this long-run debt burden improvement. On pensions, Moody's cites the state's November 2011 reform, but notes that the state's adjusted net pension liability as a percent of state governmental revenues is greater than the 50-state median. The state's "substantial reduction in OPEB liability" between June 2013 and June 2011 (the two most recent OPEB valuations) was also noted.
- Governance- Moody's considers the state's "governance and financial management" to be strong. Specific governance components cited were the consensus revenue forecasting process, multi-year spending and revenue forecasts, and appropriating less than expected as a cushion.

In addition to providing feedback on Rhode Island's strengthening profile, Moody's also cited three of Rhode Island's credit challenges:

- Long-term economic underperformance with below-average long-term employment growth rates;
- Above-average dependence on lottery and gaming revenues in saturated market; and
- Recent political controversies over the state's appropriation for moral obligation debt insert a degree of uncertainty over potential future challenges to this pledge.

Standard & Poor's Rating Services

Similarly, Standard & Poor's Rating Services (S&P) assigned its 'AA' rating to Rhode Island's 2016A consolidated capital development general obligation bonds and refunding bonds. S&P stated that this rating reflects its view of Rhode Island's:

- Good incomes with median household effective buying income at 106% of the national level;
- Economic performance, which despite recent improvement, continues to lag the nation and is expected to continue to do so;
- Strong financial management and fully funded general fund reserves in recent fiscal years;
- Projected budget gaps for fiscal years 2018 through 2020 that reach about 7.4 percent of fiscal 2017 expenditures in the last year and that could grow if economic conditions underperform projections; and
- Significantly underfunded pension system, even after recently adopted reforms.

S&P also discussed Rhode Island's government framework, identifying the "significant flexibility" to increase the rate and base of revenue sources (and decrease expenditures), and balanced budget requirements. In terms of financial management, S&P cited the state's "strong" financial management, particularly the revenue estimating conference and budget-setting practices (including 5-year financial plans). In terms of budgetary performance, S&P noted Rhode Island has not issued TANs for cash flow purposes since FY 2012. It also noted that the state's general revenue mix is a strength, as there is no significant concentration in a single source. However, the budget, in S&P's view, is structurally unbalanced and relies on one time revenues.

S&P commented that the state's economy is "somewhat weak compared with that of many other U.S. states," including our recent population declines and slow job recovery since the recession. Income levels have historically been on par with the nation. Lastly, S&P found the overall level of tax-supported debt as "moderate" (on a per capita basis); and discussed other liability-related concerns including state-share of net pension liability and unfunded other postemployment benefit liabilities.

It is also worth noting that as part of its state rating methodology, Standard & Poor's develops a scorecard for the five key rating factors. Between 2015 and 2016 Rhode Island's score improved in the areas of budgetary performance and debt and liability profile but was slightly worse in the economy factor.

Rating Factor	July 2015 Rating	April 2016 Rating
Government Framework	1.2	1.2
Financial Management	1.5	1.5
Economy	2.2	2.3
Budgetary Performance	2.0	1.8
Debt & Liability	2.5	2.3
Composite Score	1.9	1.8

Overall, the composite score improved overall from a 1.9 to a 1.8. Based on Standard & Poor's methodology a score of 1.6 to 1.8 falls into the indicative credit level of an AA+. However, in the April 2016 reports, Standard & Poor's states, "Based on our criteria, our final rating can be within one notch of the indicative rating. We are applying our one notch adjustment to reflect what we view as the state's narrow fiscal margins and continued reliance on one-time measures to close budgetary gaps during a period of economic expansion," which resulted in a final rating of AA from Standard & Poor's.

Fitch Ratings

Key ratings drivers for Fitch Rating's April 2016 rating ('AA') include Rhode Island's:

- Strong fiscal management- Financial operations are "conservatively managed" and budget gaps are proactively addressed. The Constitution mandates a limit on budget appropriations to 97 percent of revenues. There is also a 5 percent budget reserve.
- Financial performance stabilized – Fiscal performance is slowly recovering following the recession. In FY 2015, tax revenues grew for the 6th consecutive year. The state also had a general revenue operating surplus for the 6th consecutive year.
- Moderated liability position- The debt position has "moderated" with "more disciplined debt issuance policies and cash-funding of capital projects." Comprehensive 2011 pension reforms helped reduce unfunded liabilities and lower ARC payments.
- Lagging economic indices- Economic performance continues to trail national trends (slower jobs growth and a relatively high unemployment rate). Also the state's "economic decline was among the worst of the states during the downturn and the pace of recovery has lagged." Fitch noted they project continued below-average economic growth.

Fitch also commented on other factors that contributed to the State's rating including the following: (i) "sluggish economic performance," (ii) improved financial position, (iii) enacted Medicaid changes, (iv) multiyear budget outlook, (v) above-average, but stabilized liabilities, and (vi) commitment to paying debt service on 2010 moral obligation bonds.

Section 6 – Recommended Priorities and Issues for 2016-2017

Based on the findings of this and the preceding Debt Management Reports, the office of debt management within the Rhode Island Treasury intends to address the following debt management priorities for the coming year.

1. *Complete Debt Affordability Study.*

   The debt affordability study will provide the basis for assessing the impact of future debt issuance on the financial position of the State and of all other issuers of debt in the State. Updating the PFMB's debt affordability targets, and establishing targets for municipal and quasi-public issuers, will enable informed decision-making regarding the prudent level of additional debt that can be issued and assist in determining how projects are financed and prioritizing capital spending. *Incorporate other long-term liabilities (pensions and OPEB) as considerations in debt affordability.*

   The affordability of traditional bonded debt and leases cannot be looked at in isolation. Other long-term liabilities, including pension liabilities and other post-employment benefits (OPEB) have a significant bearing on the level of bonded debt or leases an issuer can reasonably afford. For many issuers in Rhode Island, particularly at the municipal level, pension and OPEB liabilities can be significant, and credit ratings agencies have given an increased level of scrutiny to pension and OPEB liabilities in their ratings methodologies. As such, the new debt affordability study will consider pension and OPEB liabilities when recommending debt affordability targets for Rhode Island issuers.

2. *Adopt Policies and Procedures That Reflect Best Practices in Debt Management.*

   In addition to a debt affordability study, there are other aspects of debt management that are important to make the costs of debt issuance as efficient as possible. These best practices include adopting guidelines on how best to issue and structure debt, which would include guidelines on the best method of sale, choosing underwriters, municipal advisors and other financing team members. Adopting a consistent refunding policy is also essential and will be included in a debt management policy.

3. *Ensure procedures are in place for post-issuance compliance.*

   Guidance for ongoing administrative activities is also important and will cover (i) investment of bond proceeds; (ii) use of bond proceeds and understanding tax regulations; (iii) understanding and implementing procedures to ensure compliance with continuing disclosure obligations; and (iv) arbitrage rebate monitoring and filing.

4. *Streamline Disclosure in Official Statement.*

   The State's Information Statement contains certain historical information that has been carried over from prior years, such as the description of the State revenues and the various tax structures. The Information Statement be streamlined and revised to improve its value to investors.

5. *Develop controls for reporting of debt issued by public and quasi-public agencies of the State and municipalities.*

   Since debt of municipalities and quasi-public agencies can have a potential impact on the State's credit, procedures will be implemented to strengthen reporting of public debt at all levels. As part of the debt affordability study required by Article 2, there will be some guidance on how much debt can be issued and best practices in debt management. In addition, the State will consider improving monitoring and reporting procedures and requiring approval of certain debt issues.

Exhibits

EXHIBIT A

The FY 2017 budget as enacted included a series of reforms to the state's management of public debt, which Treasury staff will be tasked with implementing. The enacted budget article accomplishes the following:

1. Empowers the PFMB to advise and/or assist any city or town and any municipal or regional agency, board or commission regarding the issuance of debt.

2. Creates a new requirement that the PFMB annually report the total amount of state, regional, municipal, and quasi-public corporation debt authorized, sold and unsold.

3. Requires PFMB to oversee the undertaking of a debt affordability study, which shall include recommended limits for capacity, no less frequently than every two years. This affordability study will review the capacity of state, regional, municipal, and public and quasi-public corporations that have authority to issue revenue or general obligation bonds or notes.

4. Issuers of public debt must, by the end of each fiscal year, provide the following information for each outstanding debt incurred: the principal amount of the outstanding issue; the amount of proceeds of the issue that remains unspent; the amount of debt authorized by the bond act or other appropriate authorization relevant to the issue that remains authorized but unissued; and a list of purposes for which the debt has been issued and the amounts expended for each purpose in the prior fiscal year.

5. Provides the PFMB the statutory authority to offer non-binding, advisory opinions on all aspects of debt management practices of state, municipal, and public and quasi-public corporations

EXHIBIT B

State of Rhode Island - Office of the General Treasurer
Schedule of Tax Supported Debt
As of 6/30/15

Description of Issue	Maturity Date	Principal Paid in FY 15	Interest Paid in FY 15	Principal Outstanding 6/30/2015	Interest Outstanding 6/30/2015
General Obligation Bonds					
G.O. CCDL of 2008, Refunding Series A	7/15/2014	$ 5,555,000.00	$ 138,875.00	0.00	0.00
G.O. CCDL of 2005, Refunding Series B	8/1/2014	1,285,000.00	27,306.25	0.00	0.00
G.O. CCDL of 2005, Series C	2/15/2015	2,795,000.00	139,750.00	0.00	0.00
G.O. CCDL of 2004, Refunding Series B	8/1/2015	9,190,000.00	397,500.00	$ 3,355,000.00	$ 83,875.00
G.O. CCDL of 2011, Refunding Series B	8/1/2015	7,310,000.00	419,000.00	4,725,000.00	118,125.00
G.O. CCDL of 2005, Series E	11/1/2015	2,285,000.00	275,375.00	4,365,000.00	109,125.00
G.O. CDL of 2006, Series B	8/1/2016	900,000.00	222,056.25	1,335,000.00	65,700.00
G.O. CCDL of 2006, Series C	11/15/2016	2,025,000.00	537,125.00	9,730,000.00	492,500.00
G.O. CCDL of 2007, Series A	8/1/2017	4,830,000.00	2,335,870.00	11,115,000.00	1,050,625.00
G.O. CDL of 2007, Series B (Federally Taxable)	8/1/2017	915,000.00	192,843.75	3,105,000.00	261,787.50
G.O. CCDL of 2008, Series B	2/1/2018	3,500,000.00	2,129,712.50	8,020,000.00	841,850.00
G.O. CDL of 2008, Series C (Federally Taxable)	2/1/2018	1,000,000.00	267,690.00	3,225,000.00	429,383.00
G.O. CCDL of 2008, Refunding Series D	2/1/2018	1,575,000.00	309,675.00	5,145,000.00	505,575.00
G.O. CCDL of 2005, Refunding Series D	7/15/2018	6,695,000.00	1,228,962.50	21,745,000.00	1,745,525.00
G.O. CCDL of 2005, Refunding Series A	8/1/2018	3,460,000.00	2,453,231.26	47,700,000.00	4,341,809.41
G.O. CDL of 2010, Series D (Federally Taxable)	4/1/2020	2,395,000.00	594,013.36	12,195,000.00	1,544,756.92
G.O. CCDL of 2010, Refunding Series A	10/1/2020	15,645,000.00	2,079,475.00	39,390,000.00	6,718,575.00
G.O. CCDL of 2006, Refunding Series A	8/1/2022	175,000.00	3,230,812.50	67,935,000.00	10,455,681.27
G.O. CCDL of 2014, Refunding Series A	11/1/2025	2,565,000.00	3,515,480.84	76,135,000.00	18,296,025.00
G.O. CCDL of 2012, Refunding Series A	8/1/2027	0.00	5,970,031.26	122,950,000.00	30,929,840.75
G.O. CCDL of 2014, Refunding Series D (Tax-Exempt)	8/1/2027	935,000.00	1,895,858.05	161,180,000.00	70,043,425.00
G.O. CCDL of 2010, Series B (Tax Exempt)	4/1/2030	1,495,000.00	1,647,350.00	33,610,000.00	14,151,250.00
G.O. CDL of 2010, Series C	4/1/2030	0.00	4,479,957.00	80,000,000.00	49,336,862.62
G.O. CCDL of 2011, Series A	8/1/2031	4,825,000.00	7,013,787.50	132,590,000.00	68,670,856.25
G.O. CCDL of 2012, Series B	10/15/2032	2,845,000.00	3,190,312.50	75,785,000.00	32,808,393.75
G.O. CCDL of 2013, Series A (Tax-Exempt)	10/15/2033	1,255,000.00	1,871,087.50	39,395,000.00	20,312,518.77
G.O. CDL of 2013, Series B (Federally Taxable)	10/15/2033	460,000.00	465,832.56	12,040,000.00	5,746,603.12
G.O. CCDL of 2014, Series B (Tax-Exempt)	11/1/2034	0.00	779,435.56	33,625,000.00	19,380,350.00
G.O. CDL of 2014, Series C (Federally Taxable)	11/1/2034	0.00	189,127.35	12,500,000.00	5,044,136.96
Total General Obligation Bonds		**$ 85,915,000.00**	**$ 47,997,533.49**	**$ 1,022,895,000.00**	**$ 363,485,155.32**

Description of Issue	Maturity Date	Principal Paid in FY 15	Interest Paid in FY 15	Principal Outstanding 6/30/2015	Interest Outstanding 6/30/2015
Capital Leases					
LPC, Attorney General's Building - 2007 Refunding Series G	10/1/2015	$ 335,000.00	$ 12,320.00	$ 170,000.00	$ 3,145.00
LPC, Information Technology Project - 2009 Series A	4/1/2016	1,860,000.00	146,750.00	1,925,000.00	77,000.00
LPC, Howard Center Improvements - 2007 Refunding Series E	10/1/2016	1,840,000.00	177,625.00	2,865,000.00	100,687.50
LPC, Shepard's Building - 2007 Refunding Series F	10/1/2016	2,610,000.00	350,750.00	5,710,000.00	289,750.00
LPC, Information Technology Project - 2007 Series A	5/1/2017	1,730,000.00	250,975.00	3,030,000.00	229,750.00
LPC, Central Power Plant - 2007 Refunding Series D	10/1/2020	1,675,000.00	579,187.50	11,905,000.00	1,610,481.25
LPC, Energy Conservation Project - 2009 Series B	4/1/2021	940,000.00	381,062.50	7,500,000.00	1,335,150.00
LPC, Energy Conservation Project - 2013 Series C	4/1/2023	1,495,000.00	736,100.00	14,495,000.00	3,335,050.00
LPC, Information Technology Project - 2013 Series D	4/1/2023	815,000.00	300,700.00	7,530,000.00	1,397,050.00
LPC, Energy Conservation Project - 2007 Series B	5/1/2023	905,000.00	369,818.76	7,450,000.00	1,400,175.06
LPC, Kent County Courthouse Project - 2013 Refunding Series A	10/1/2023	1,305,000.00	1,571,050.00	31,875,000.00	7,920,125.00
LPC, Training School Project - 2013 Refunding Series B	10/1/2024	1,555,000.00	1,540,250.00	32,270,000.00	8,724,275.00
LPC, Traffic Tribunal Project - 2013 Refunding Series E	10/1/2024	795,000.00	525,650.00	13,320,000.00	3,060,250.00
LPC, Pastore Center Energy Conservation Project - 2014 Series A	11/1/2024	0.00	244,416.67	11,650,000.00	2,867,550.00
LPC, Information Technology Project - 2014 Series C	11/1/2024	0.00	684,809.03	30,380,000.00	8,150,625.00
LPC, Energy Conservation Project - 2011 Series A	4/1/2026	2,920,000.00	875,850.00	21,585,000.00	3,385,150.00
LPC, School for the Deaf Project - 2009 Series C	4/1/2029	1,180,000.00	1,300,250.00	24,005,000.00	10,739,437.52
LPC, R. I. College Energy Conservation Project - 2014 Series B	11/1/2029	0.00	124,578.13	7,465,000.00	2,445,737.50
Total Capital Leases		**$ 21,960,000.00**	**$ 10,172,142.59**	**$ 235,130,000.00**	**$ 57,071,388.83**
R.I. Economic Development Corporation					
Division of Motor Vehicle System	4/1/2016	$ 2,085,000.00	$ 206,893.00	$ 3,025,000.00	$ 105,342.00
Historic Structures Tax Credit Fund	5/15/2018	17,010,000.00	4,340,297.00	57,390,000.00	7,069,682.00
Job Creation Guaranty Program	11/1/2021	7,885,000.00	4,626,463.00	59,675,000.00	14,615,631.00
Job Creation Guaranty Program II	11/1/2020	1,176,822.00	234,584.00	4,839,845.00	393,822.00
URI Power Plant	11/1/2020	965,000.00	328,250.00	5,600,000.00	867,000.00
Fidelity Building I	5/1/2021	1,437,730.00	1,050,796.00	11,600,179.00	3,366,264.00
Fidelity Building II	5/1/2027	385,327.00	568,726.00	7,564,626.00	3,884,016.00
Fleet Bank	5/1/2027	365,000.00	579,883.00	7,345,000.00	3,985,137.00
Transportation Motor Fuel	6/15/2027	4,185,000.00	3,006,309.00	58,340,000.00	19,635,540.00
Redevelopment of I-195 Land	4/1/2023	0.00	2,978,400.00	38,400,000.00	22,463,776.00
Agency Payments				(10,895,000.00)	
Total R.I. Economic Development Corporation		**$ 35,494,879.00**	**$ 17,920,601.00**	**$ 242,884,650.00**	**$ 76,386,210.00**
Convention Center Authority	5/15/2035	**$ 10,750,000.00**	**$ 12,229,026.00**	**$ 216,150,000.00**	**$ 110,377,192.00**
Grand Total		**$ 154,119,879.00**	**$ 88,319,303.08**	**$ 1,717,059,650.00**	**$ 607,319,946.15**

EXHIBIT C

The Public Finance Management Board
Summary of Debt Issuance by Agency and the State of R. I
Calendar Year 2015

100%

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	R I Health & Educ Bldg Corp											
1/30/15	Public School Revenue Bonds Financing Program	3/11/15	10/1/2020	$ 6,540,000.00	$ 1,635.00			$ 1,635.00	3/30/15	3/23/15	$ 25,000.00	Adler Pollock
	Revenue Bonds, Series 2015 A (City of Woonsocket)											
	(Refunding Issue - But not RIHEBC Bonds)											
3/30/15	Educational Institution Revenue Refunding Bond	5/14/15	5/1/2035	3,560,000.00								
	(Mercymount Country Day School - Series 2015)	Refunding Portion		(3,490,000.00)								
		New Money Portion		$ 70,000.00	$ 17.50			$ 17.50	5/18/15	5/18/15	$ 28,500.00	Adler Pollock
4/21/15	Health and Educational Facilities Revenue Refunding Bonds	4/30/15	2/1/2041	$ 9,555,000.00	$ -					10/28/15	$ 39,000.00	Hinckley Allen
	Child and Family Services of Newport County Issue Ser. 2015											
5/5/15	Higher Education Facility Revenue Bonds,											
	Salve Regina University Issue, Series 2015 A	5/7/15	5/1/2045	20,400,000.00	$ 5,100.00							
	Salve Regina University Issue, Series 2015 B Refunding	5/7/15	5/1/2045	3,352,000.00	$ -							
	Salve Regina University Issue, Series 2015 C	5/7/15	5/1/2045	3,748,000.00	$ 937.00	6,037.00		$ 6,037.00	5/7/15	10/28/15	$ 45,000.00	Hinckley Allen
				$ 27,500,000.00								
5/5/15	Public School Revenue Bonds Financing Program	5/14/15	5/15/2028	$ 146,325,000.00	$ -					11/24/15	$ 150,000.00	Locke Lord
	Revenue Refunding Bonds, Series 2015 A											
	(Providence Public Buildings Authority Issue)											
6/17/15	Higher Education Facility Revenue Bonds,	7/16/15	11/1/2045	46,910,000.00								
	Providence College Issue, Series 2015	Refunding Portion		(15,480,000.00)								
		New Money Portion		$ 31,430,000.00	$ 7,857.50			$ 7,857.50	8/31/15	9/2/15	$ 50,000.00	Partridge Snow
7/15/15	Health Facilities Revenue Refunding Bonds	9/30/15	10/1/2040	9,360,000.00								
	(Tamarisk, Inc. Issue - Series 2015)	Refunding Portion		(9,215,000.00)								
		New Money Portion		$ 145,000.00	$ 36.25			$ 36.25	10/1/15	10/5/15	$ 32,500.00	Adler Pollock
7/21/15	Hospital Financing Revenue Refunding Bonds	8/12/15	9/15/2033	$ 45,545,000.00	$ -					9/21/15	n/a	Partridge Snow
	South County Hospital Healthcare System, Series 2015											
7/21/15	Public Schools Revenue Bond Financing Program	7/27/15	5/15/2036	$ 4,565,000.00	$ 1,141.25			$ 1,141.25	9/15/15	9/15/15	$ 45,000.00	Partridge Snow
	Revenue Bonds, Series 2015 B (City of Cranston Issue)											
8/21/15	Higher Education Facility Revenue Bonds,	8/31/15	9/1/2045	$ 60,000,000.00	$ 15,000.00			$ 15,000.00	9/28/15	2/5/16	$ 40,000.00	Hinckley Allen
	New England Institute of Technology Issue, Series 2015											
9/14/15	Educational Institution Revenue Refunding Bond											
	(Bishop Hendricken High School Issue - Series 2015 A)	9/16/15	4/1/2035	$ 4,702,000.00	$ -							
	Educational Institution Revenue Bond											
	(Bishop Hendricken High School Issue - Series 2015 B)			505,000.00	$ 126.25			$ 126.25	11/20/15	12/31/15	$ 16,000.00	Locke Lord
	Term Loan			550,000.00								
				$ 5,757,000.00								

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	R I Health & Educ Bldg Corp - Continued											
9/14/15	Educational Institution Revenue Refunding Bond (Saint Raphael's Academy Issue - Series 2015)	11/13/15	4/1/2036	$ 4,825,000.00	$ -					12/31/15	$ 15,000.00	Locke Lord
9/14/15	Educational Institution Revenue Refunding Bond (The Prout School Issue - Series 2015)	11/13/15	4/1/2036	$ 5,073,000.00	$ -					12/31/15	$ 16,000.00	Locke Lord
9/14/15	Educational Institution Revenue Refunding Bond (Saint Philomena School Issue - Series 2015)	9/16/15	4/1/2035	$ 1,884,000.00	$ -					12/18/15	$ 14,000.00	Locke Lord
9/16/15	Higher Education Facility Revenue Bonds, Johnson & Wales University Issue, Series 2015	9/22/15	9/1/2030	$ 30,000,000.00	$ 7,500.00			$ 7,500.00	5/13/06	4/11/16	$ 35,000.00	Hinckley Allen
10/8/15	Health Facility Revenue Bonds (Saint Elizabeth Home, East Greenwich Issue - Series 2015)	12/17/15	12/1/2045	$ 13,900,000.00	$ 3,475.00			$ 3,475.00	12/22/15	12/24/15	$ 32,750.00	Adler Pollock
10/15/15	Higher Education Facility Revenue Bonds, Brown University Issue, Series 2015	10/21/15	10/1/2045	45,000,000.00								
		Refunding Portion		(14,470,000.00)								
		New Money Portion		$ 30,530,000.00	$ 7,632.50			$ 7,632.50		4/8/16	$ 45,000.00	Hinckley Allen
10/29/15	Providence Public School Revenue Bd. Financing Program Revenue Bonds, Series 2015 B (Providence Public Building Authority Issue)	12/16/15	5/15/2035	$ 10,000,000.00	$ 2,500.00			$ 2,500.00	12/16/15 WT	12/22/15	$ 37,500.00	Adler Pollock
12/10/15	Public School Revenue Bond Financing Program Refunding Revenue Bonds, Series 2015 C (Pooled Issue)	12/22/15	5/15/2036	$ 13,965,000.00						4/8/16	$ 95,000.00	Hinckley Allen
		Refunding Portion		(9,590,000.00)								
		New Money Portion		$ 4,375,000.00	$ 1,093.75							
	Series 2015 D (Town of Tiverton) - Refunding	12/22/15	5/15/2036	$ 8,025,000.00	$ -							
	Series 2015 E (Town of Smithfield - Taxable)	12/22/15	5/15/2036	$ 1,525,000.00	$ -	$ 1,093.75		$ 1,093.75	8/8/16			
				$ 23,515,000.00								
					$ 52,417.00		48.4%	$ 52,417.00				

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	R.I. Infrastructure Bank (R I Clean Wtr Pro Finance Agcy)											
6/25/15	Water Pollution Control Revolving Fund Revenue Bonds, Series 2015 A (Pooled Issue)	7/9/15	10/1/2044	$ 56,275,000.00	$ 14,068.75			$ 14,068.75	7/30/15	7/31/15	$ 47,000.00	Nixon Peabody
9/1/15	R.I. Infrastructure Bank Water Pollution Control Refunding Revenue Bonds, Series 2015 B	10/6/15	10/1/2026	$ 24,030,000.00	$ -					10/8/15	$ 60,000.00	Nixon Peabody
	Water Pollution Control Subordinated Refunding Revenue Bonds, Series C	10/6/15	10/1/2027	$ 23,295,000.00	$ -					10/8/15		Nixon Peabody
11/3/15	City of Pawtucket, Rhode Island Conduit Issue Refunding Water Revenue Bonds, Series 2015	12/18/15	10/1/2035	$ 24,265,000.00								
		Refunding Portion		(19,340,000.00)								
		New Money Portion		$ 4,925,000.00	$ 1,231.25			$ 1,231.25	12/18/15 WT	12/18/15	$ 45,000.00	Nixon Peabody
11/23/15	R.I. Infrastructure Bank Safe Drinking Water Revolving Fund Revenue Bonds, Series 2015 A (Green Bonds) (Pooled Loan)	12/17/15	10/1/2035	$ 22,640,000.00	$ 5,660.00			$ 5,660.00	12/17/15 WT	12/18/15	$ 45,000.00	Nixon Peabody
					$ 20,960.00		19.3%	$ 20,960.00				
	R I Refunding Bond Authority											
					$ -		0.0%	$ -				
	R I Hsing & Mtge Finance Corp											
3/20/15	Multi-Family Mortgage Revenue Note Charles Place Apartments Project, Series 2015	3/31/15	4/1/2045	$ 26,010,000.00	$ 6,502.50			$ 6,502.50	4/1/15	4/22/15	$ 50,133.00	Nixon Peabody
6/30/15	Homeownership Opportunity Bonds - Refunding Bonds											
	Series 66-A1 (Non-AMT)	8/20/15	4/1/2033	$ 26,370,000.00	$ -							
	Series 66-A2 (Non-AMT)	8/20/15	10/1/2032	$ 10,385,000.00	$ -							
	Series 66-C1 (AMT)	8/20/15	4/1/2016	$ 1,020,000.00	$ -							
	Series 66-C2 (AMT)	8/20/15	10/1/2026	$ 22,225,000.00	$ -							
				$ 60,000,000.00						9/30/15	$ 8,520.69	Nixon Peabody
6/30/15	Series 66-B (Adjustable SIFMA Rate (Non-AMT) (New Money Portion)	8/20/15	10/1/2045	15,000,000.00	$ 3,750.00			$ 3,750.00	9/17/15	Bond Counsel	$ 26,477.94	Kutak Rock
				$ 75,000,000.00								
					$ 10,252.50		9.5%	$ 10,252.50				

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	Rhode Island Student Loan Auth											
4/7/15	Program Revenue Bonds, 2015 Senior Series A (AMT)	4/21/15	12/1/2031	$ 41,365,000.00	$ 10,341.25		WT	$ 10,341.25	4/22/15	5/11/15	No C.O.I. paid from bond proceeds	Cameron & Mittleman
					$ 10,341.25		9.5%	$ 10,341.25				
	Narr Bay Wtr Qlty Mgt Dist Com (PFMB fees are not assessed for this agency)											
2/4/15	Wastewater System Refunding Revenue Bonds, 2015 Series A	5/5/15	2/1/2037	$ 40,085,000.00	$ -					5/15/15	$ 62,000.00	Locke Lord
6/25/15	Wastewater System Revenue Bonds, 2015 Series B	7/9/15	9/1/2045	$ 41,753,000.00	$ -					2/18/16	$ 49,500.00	Locke Lord
					$ -		0.0%	$ -				
	R.I. Resource Recovery Corporation (R I Solid Waste Management Bd)											
					$ -		0.0%	$ -				
	Tobacco Settlement Financing Corporation											
2/27/15	Tobacco Settlement Asset-Backed Bonds, Series 2015 Refunding Issue	3/19/15	6/1/2050	$ 620,935,000.00	$ -					3/19/15	$ 1,000,000.00	Robinson + Cole
					$ -		0.0%	$ -				

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	RI Turnpike & Bridge Authority											
12/18/15	Motor Fuel Tax Revenue Bond Series 2016 A	1/21/16	10/1/2040	$ 117,590,000.00								
			Refunding Portion	(60,000,000.00)								
			New Money Portion	$ 57,590,000.00	$ 14,397.50			$ 14,397.50	2/5/16	2/4/16	$ 125,000.00	Taft & McSally
					$ 14,397.50		13.3%	$ 14,397.50				
	Providence Redevelopment Agncy											
3/10/15	(Public Safety Building Project) Revenue Refunding Bonds, 2015 Series A	3/17/15	4/1/2029	$ 44,910,000.00	$ -					3/31/15	$ 75,000.00	Partridge Snow
					$ -		0.0%	$ -				
	R I Industrial Facilities Corp											
					$ -		0.0%	$ -				
	The Convention Ctr Authority											
3/25/15	Refunding Revenue Bonds, 2015 Series A	4/14/15	5/15/2023	$ 31,900,000.00	$ -					5/8/15	$ 50,000.00	Partridge Snow
					$ -		0.0%	$ -				

Initial Date		Delivery Date	Maturity Date	Original Issue Amount	Fees Due	Total Due by Agency	% of Total	Total Rec.'d	Date Rec.'d	Report of Final Sale Received	Bond Counsel Fee	Firm
	State of Rhode Island											
7/20/15	G.O. Bonds CCDL of 2015, Refunding Series A	7/29/15	8/1/2026	$ 175,155,000.00	$ -					9/22/15	$ 57,000.00	Partridge Snow
					$ -		0.0%	$ -				
	R.I. Commerce Corporation (R I Economic Development Corp)											
3/3/15	Rhode Island Commerce Corporation Airport Revenue Refunding Bonds, 2015 Series A (AMT)	3/23/15	7/1/2024	$ 42,980,000.00	$ -					4/2/2015	$ 33,620.00	Cameron & Mittleman
5/21/15	Historic Structures Tax Credit Financing Program Ser. 2015 A (Federally Taxable)	6/16/15	6/16/2024	$ 75,000,000.00	$ -					6/23/15	$ 75,000.00	Pannone Lopes
					$ -		0.0%	$ -				
	Totals				$ 108,368.25		100.0%	$ 108,368.25			$ 2,570,501.63	

The Public Finance Management Board
Summary of Debt Issuance by Cities & Towns
Calendar Year 2015

100% Date	Amount	City or Town	Bond Counsel Fee	Bond Counsel	Description of Issue	Report of Final Sale Received
9/17/14	$ 123,000.00	Town of New Shoreham	$ 3,500.00	Moses Afonso Ryan	G.O. Bonds	7/14/15
9/17/14	98,000.00	Town of New Shoreham	3,500.00	Moses Afonso Ryan	G.O. Bonds	7/14/15
2/5/15	689,000.00	Town of New Shoreham	3,500.00	Moses Afonso Ryan	Sewer Bonds	7/14/15
2/12/15	5,170,000.00	Town of West Greenwich, R.I.	17,000.00	Locke Lord	G.O. Refunding Bonds, Series 2015A dated 2/19/15	3/18/15
3/10/15	3,990,000.00	Town of Johnston, R. I.	12,500.00	Pannone Lopes Devereaux & West	G.O. Refunding Bond, 2015 Series	5/5/15
3/12/15	16,720,000.00	Town of Coventry, R.I.	30,000.00	Locke Lord	G.O. Bonds and G.O. BANs dated 3/17/15	6/2/15
8/8/14	1,033,000.00	Stone Bridge Fire District	7,000.00	Moses Afonso Ryan	G.O. Bonds	3/13/15
3/23/15	3,500,000.00	City of Warwick, Rhode Island	14,500.00	Locke Lord	Wastewater System Revenue Bonds, 2015 Series A dated 3/31/15	7/7/15
2/23/15	7,140,000.00	Town of Bristol, Rhode Island	33,000.00	Cameron & Mittleman	G.O. Bonds, 2015 Series A and G.O. Refunding Bonds, 2015 Series B	4/8/15
3/26/15	1,000,000.00	Town of Hopkinton, R. I.	5,500.00	Locke Lord	G.O. Bond Anticipation Notes dated 4/1/15	4/9/15
4/1/15	6,215,000.00	Town of New Shoreham	15,000.00	Moses Afonso Ryan	G.O. Refunding Bonds, Series 2015 A & B	4/21/15
4/16/15	6,000,000.00	Town of Westerly, R. I.	15,000.00	Moses Afonso Ryan	G.O. Bonds	4/21/15
4/17/15	6,935,000.00	Town of South Kingstown, R. I.	19,000.00	Locke Lord	G.O. Refunding Bond dated 4/21/15	6/2/15
4/28/15	1,700,000.00	Town of Scituate, R. I.	4,500.00	Gorham & Gorham	Tax Anticipation Note	4/21/15
5/18/15	5,735,000.00	City of Newport, Rhode Island	Not from C.O.I.	Locke Lord	G.O. Bonds	8/24/15
5/20/15	5,000,000.00	City of Pawtucket, R. I.	6,400.00	Locke Lord	G.O. Road Bonds (Taxable) dated 5/28/15	8/25/15
5/20/15	500,000.00	Town of Bristol, Rhode Island	12,000.00	Cameron & Mittleman	G.O. Road Bonds dated 5/28/15	6/3/15
5/20/15	2,000,000.00	Town of East Greenwich, R. I.	5,500.00	Locke Lord	G.O. Road Bonds (Taxable) dated 5/28/15	8/25/15
5/21/15	253,000.00	Town of Hopkinton, R. I.	4,400.00	Locke Lord	G.O. Road Bonds (Taxable) dated 5/28/15	8/25/15
5/26/15	15,030,000.00	Town of North Kingstown	30,000.00	Taft & McSally	G.O. Bonds Refunding Bonds, 2015 Series A	9/1/15
5/27/15	150,515.00	Town of West Warwick, R. I.	4,400.00	Locke Lord	G.O. Bonds (Taxable) dated 5/28/15	6/18/15
6/3/15	22,050,000.00	Town of Lincoln, Rhode Island	30,000.00	Moses Afonso Ryan	G.O. Refunding Bonds, 2015 Series A	7/9/15
6/3/15	7,200,000.00	City of Pawtucket, R. I.	Not from C.O.I.	Locke Lord	G.O. Bond Anticipation Note dated 6/16/15	9/23/15
6/26/15	849,000.00	Town of Lincoln, Rhode Island	8,000.00	Moses Afonso Ryan	Wastewater System Revenue Bonds, 2015 Series A dated 7/16/15	8/7/15
7/6/15	8,730,000.00	City of Cranston, Rhode Island	33,000.00	Locke Lord	G.O. Bonds, 2015 Series A	1/14/16
7/6/15	21,985,000.00	City of Cranston, Rhode Island	-	Locke Lord	G.O. Refunding Bonds, 2015 Series B	1/14/16
7/9/15	14,000,000.00	City of Woonsocket	15,000.00	Partridge Snow & Hahn LLP	Wastewater System Revenue Bonds, 2015 Series A	8/3/15
7/16/15	5,400,000.00	City of Newport, Rhode Island	22,000.00	Locke Lord	Wastewater System Revenue Bonds, 2015 Series A	11/10/15
7/16/15	10,574,900.00	City of Warwick, Rhode Island	26,000.00	Locke Lord	Wastewater System Revenue Bonds, 2015 Series B	11/10/15
7/20/15	3,700,000.00	Town of Burrillville	12,000.00	Locke Lord	G.O. Clean Water Bonds, Series 2015 dated 7/30/15	12/10/15
7/20/15	7,000,000.00	Town of West Warwick, R. I.	24,500.00	Locke Lord	Wastewater System Revenue Bonds, 2015 Series A dated 7/30/15	2/18/16
7/27/15	3,000,000.00	City of East Providence, R. I.	11,500.00	Locke Lord	G.O. Revenue Anticipation Notes, 2015 Series 1 and Series 2 (Taxable)	7/28/15
7/31/15	5,907,000.00	City of Pawtucket, R. I.	21,500.00	Locke Lord	Wastewater System Revenue Bonds, 2015 Series A	10/8/15
8/5/15	5,435,000.00	City of Warwick, Rhode Island	38,000.00	Locke Lord	G.O. Bonds, 2015 Series A dated 8/12/15	8/24/15
8/5/15	23,810,000.00	City of Warwick, Rhode Island	-	Locke Lord	G.O. Refunding Bonds, 2015 Series B dated 8/12/15	8/24/15
8/11/15	18,000,000.00	Town of West Warwick, R. I.	11,000.00	Locke Lord	G.O. BANs, 2015 Series 1 and G.O. BANs, 2015 Series 2	9/21/15
8/11/15	1,050,000.00	Town of New Shoreham	10,000.00	Moses Afonso Ryan	G.O. Refunding BANs	11/12/15
8/25/15	2,500,000.00	Town of Bristol, Rhode Island	15,000.00	Mack Law Associates	G.O. Bonds dated 8/31/15	8/31/15
9/29/15	1,960,000.00	Town of Hopkinton, R. I.	9,200.00	Locke Lord	G.O. Bonds dated 9/30/15	11/13/15
10/5/15	4,030,000.00	Town of North Kingstown	6,000.00	Taft & McSally	G.O. Refunding Bonds issued to R.I.H.E.B.C.	4/7/16
10/9/15	2,000,000.00	Tiverton Wastewater District	7,000.00	Moses Afonso Ryan	G.O. BAN's	1/8/16
10/19/15	9,880,000.00	Town of Cumberland	25,000.00	Moses Afonso Ryan	G.O. Bonds, 2015 Series A and G.O. Tax Anticipation Notes, 2015 Series	5/3/16
11/6/15	6,890,000.00	Town of West Warwick, R. I.	28,000.00	Locke Lord	G.O. Bonds, 2015 Series A dated 11/12/15	2/17/16
11/5/15	4,445,000.00	Town of Portsmouth, R.I.	25,000.00	Moses Afonso Ryan	G.O. Bonds, Series 2015 A	1/8/16
11/5/15	415,000.00	Town of Portsmouth, R.I.	-	Moses Afonso Ryan	G.O. Bonds, 2015 Series B (Federally Taxable)	1/8/16
11/5/15	1,615,000.00	Town of Portsmouth, R.I.	-	Moses Afonso Ryan	G.O. Bond Anticipation Notes, 2015 Series 1 (Federally Taxable)	1/8/16
11/18/15	1,760,000.00	North Tiverton Fire District	7,699.77	Moses Afonso Ryan	G.O. Bonds	1/12/16
12/4/15	24,265,000.00	City of Pawtucket, R. I.	35,000.00	Locke Lord	Water System Refunding Bonds, 2015 Series A dated 12/18/15	3/3/16
12/7/15	30,000,000.00	City of Providence, R. I.	40,000.00	Locke Lord	Water System Revenue Bonds, 2015 Series A dated 12/17/15	1/13/16
12/10/15	1,750,000.00	Town of Cumberland	15,000.00	Moses Afonso Ryan	Water System Revenue Bonds, 2015 Series A	5/3/16
	$ 339,182,415.00		**$ 721,599.77**			

EXHIBIT D

Credit Rating Reports

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Rhode Island & Providence Plantations; Appropriations; General Obligation; Moral Obligation

Primary Credit Analyst:
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Table Of Contents

Rhode Island & Providence Plantations; Appropriations; General Obligation; Moral Obligation

Credit Profile		
US$145.725 mil GO bnds cons cap dev loan rfdg ser 2015 A due 08/01/2026		
Long Term Rating	AA/Stable	New
Rhode Island & Providence Plantations GO		
Long Term Rating	AA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services has assigned its 'AA' rating to Rhode Island & Providence Plantations' 2015A consolidated capital development loan general obligation (GO) refunding bonds. At the same time, Standard & Poor's has affirmed its 'AA' rating on the state's GO bonds, its 'AA-' rating on Rhode Island's appropriation debt, and its 'A' rating on the state's moral obligation-backed bonds. Standard & Poor's also affirmed its 'BBB' rating on Rhode Island's 38 Studios bonds, also backed by the state's moral obligation. The outlook is stable.

The 'AA' rating on the series 2015A refunding bonds reflects our view of the state's:

- Good incomes, with median household effective buying income at 106% of the national level;
- Good geographic location near the economies of eastern Massachusetts and eastern Connecticut; and
- Strong financial management and fully funded general fund reserves in recent fiscal years.

Partially offsetting the above strengths, in our view, are Rhode Island's:

- Projected budget gaps for fiscal years 2016 through 2019 that reach about 12.4% of fiscal 2016 expenditure in the last year and that could grow if economic conditions underperform projections; and
- Significantly underfunded pension system, even after recently adopted reforms.

The series 2015A refunding bonds are full faith and credit GOs of the state. The bonds are being issued to free up approximately $100 million in revenues by restructuring the state's GO debt to generate savings in fiscal years 2016 and 2017. The state will take principal coming due in 2016 and 2017 and spread those payments over the remaining life of the bonds to generate $68 million and $30 million in fiscal years 2016 and 2017, respectively. The transaction creates higher debt service payments in fiscal years 2020 through 2027 with the estimated increases in debt service ranging from $5 million to $15 million. The transaction also assumes about $21 million in premium. Although there are dissavings in most years, the refunding is still expected to generate net present value savings and there is no extension of maturities. Rhode Island plans to use the savings to capitalize a school construction fund ($20 million) and spur economic development ($64.5 million).

The May 2015 revenue estimating conference increased revenues by $106.8 million and the state projects a $118.6 million ending surplus. The state also projects a $31.5 million net increase in spending due to a $20 million increase in

Medicaid caseloads and the payment of $25 million representing a 2% compounded cost of living adjustment (COLA) that had not been included in the original budget. The budget gap is closed through a combination of re-appropriations from fiscal 2014, increased revenues, and debt service savings due to lower interest rates and delayed issuances. In our view, except for approximately $36 million in revised revenue estimates for fiscal 2015, the rest of the measures are one-time in nature.

Rhode Island's fiscal 2016 general fund budget totals $3.55 billion, a $75.4 million, or 2.2%, increase from the revised 2015 budget, and is $60 million higher than the governor's proposed budget. The budget includes tax reform measures aimed at improving the business climate and spurring economic development. The tax measures include revenue enhancement as well as tax exemptions, credits, and tax reductions. Revenue enhancements include a 25-cent excise tax increase per pack of cigarettes ($6.5 million), the maintenance of increased taxes on some liquors rather than letting the increased taxes sunset ($6.4 million), and the expansion of the sales tax base to include vacation home rentals, bed and breakfast inns, on-line room resellers, and other lodging accommodations ($7 million). Measures to improve the business climate include eliminating the sales tax on commercial use of electricity, natural gas, and heating oils ($24.4 million); maintaining the exemption on wine and spirits sold by Class A licensees ($14.3 million); exempting taxable social security benefits for filers with federal adjusted gross income below certain thresholds ($9.4 million); and increasing allowable federal earned income tax to 12.5% ($3 million) among other measures. The net impact of combined tax measures is an estimated net revenue loss of $63 million. The budget maintains the hospital licensing fee, but in fiscal 2016 increases it to 5.862% of fiscal 2014 net patient revenues, up from 5.475% of fiscal 2013 net patient revenues in fiscal 2015. The budget incorporates the full payment to 38 Studios and continues to fund the state's actuarially required contribution (ARC) as well as fully funding the basic aid educational funding formula. It maintains a budgetary reserve equal to $183 million, or 5% of fiscal 2016 expenditures. The budget does not address the governor's plan to toll 17 bridges to fund road and bridge construction and repair.

Medicaid reform is the budget's centerpiece on the expenditure side. The governor had established a working group to restructure Medicaid in the state. Rhode Island expects to generate approximately $70 million in savings from a variety of measures enacted in the fiscal 2016 budget. These include a 0.9% reduction to capitation rates, a 2% rate reduction and freeze on to nursing facility rates, a 2.5% rate reduction and freeze on hospital rates, and Medicaid program efficiencies. The budget also includes approximately $5 million in personnel and employee benefit savings. The 2015A bond proceeds will be used to fund $20 million for a companion program to the ongoing school construction aid program. As mentioned earlier, the budget also includes a number of economic development initiatives, the largest of which are $25 million for an I-195 redevelopment project fund and $12.7 million for tax stabilization incentives.

The budget is, in our view, structurally unbalanced and relies on approximately $190 million-$210 million in one-time measures (5%-6% of budget), including the GO bond restructuring and $120 million in free surplus. Rhode Island's long-term financial plan projects significant budget gaps; it includes a projection of legalized gaming in Massachusetts that would reduce the state's gaming revenue, and assumes no changes in its gaming options. The fiscal 2016 projected gap is $190.4 million, increasing to $496.3 million for fiscal 2019 (13.4%), the final year of the plan. Based on the measures included in the governor's proposed fiscal 2016 budget, the state was projecting the out-year deficits to decline to $285.9 million (8.1% of 2016 expenditures) in 2019 and $376.7 million (10.6%), in fiscal 2020. Although the state has not released its official forecast, the budgetary gap increases to $122.3 million in fiscal 2017, $326.4 million, or 9.2% of 2016 expenditures, in 2019, and $438.7 million (12.4%) in fiscal 2020 based on the Rhode Island House of Representatives fiscal staff's estimates. In our view, the continued existence of such large projected deficits in light of a continued, albeit slow, economic recovery points to more significant structural issues that if left unaddressed, could result in weaker credit quality.

Six years into recovery, Rhode Island's economic indicators still lag the nation's recovery . The state ranks 36th of 50 in year-over-year change in personal income growth as of the first quarter of 2015, 28th in employment growth as of May 2015, and 40th in population growth through July 2014, according to Federal Funds Information for States. Although Rhode Island's economy has improved, the state is betting on an improved economic and business environment to jumpstart the economy and to help close its long-term budgetary gaps. The state has experienced 1.4% year-over-year employment growth as of May 2015 according to IHS Global Insight Inc., but has recovered only 60% of the employment lost during the recession. IHS currently projects that Rhode Island will rank 40th in terms of private-sector payroll growth between first-quarter 2015 and first-quarter 2016 and rank 37th and 42nd over the next year in real personal income growth and real gross state product, respectively.

The Rhode Island Retirement Security Act of 2011 (RIRSA) was signed on Nov. 18, 2011, and made significant changes to all of the plans the Employees' Retirement System of Rhode Island (ERSRI) administers. Although the reform led to litigation, the state recently settled with all but two of its labor unions. Based on the settlement, the state's actuaries estimate the unfunded accrued actuarial liability (UAAL) would fall to $4.8 billion down from $8.9 billion prior to reform and up slightly from the $4.6 billion anticipated from the reform prior to the settlement. The funded ratio as of the July 1, 2014, valuation would fall to 57% based on the settlement. The ARC for fiscal 2017 under the settled reform is projected at $493.6 million, which is a slight increase from the $479 million estimated based on pre-settlement reform. However, it is significantly lower than the $886 million estimated before the reform. The two unions that did not settle are the City of Cranston's municipal and police and fire unions. According to the state, it does not have any liability related to these two plans, but does administer the benefits.

Based on the analytic factors we evaluate for states, on a scale on which '1' is the strongest and '4' is the weakest, we have assigned Rhode Island a composite score of '1.9'.

Outlook

The stable outlook reflects our view that Rhode Island's government framework and financial management procedures are strong, as demonstrated by recent budget adjustments that have closed large gaps. We believe that the state's stabilization funding mechanism and ability to enact revenue and expenditure amendments with few limits should allow the state to maintain an adequate budgetary balance and liquidity position. However, in our view, low pension funding levels and a relatively weak economy will make the additional budget changes necessary to address the large out-year gaps more difficult. Furthermore, continued large projected gaps during a period of continued, albeit slow, economic expansion point to a revenue and expenditure misalignment that if left unaddressed, could translate into weaker credit quality. Rhode Island has appropriated funds to pay its moral obligations bonds related to 38 Studios for the third year in a row, this year without much debate. The state's recently missed lease payment was due to the trustee's administrative error and the state is applying additional safeguards to avoid this recurring. Although we don't expect to change the rating within the next two years, significant improvement in the state's economy coupled with improved pension funding could translate into a positive rating action. Alternatively, if the state's economy continues to lag the nation's, limiting Rhode Island's ability to absorb some of the out-year budget pressures, or should the state fail to appropriate funds to meet its commitments, there could be negative pressure on the rating.

Government Framework

In our view, the state has significant flexibility to increase the rate and base of its major revenues and also to decrease its expenditures. Rhode Island can raise its income and sales tax rates and base with a simple majority vote of the legislature and without voter approval. The changes made to the state's tax structure in fiscal 2016 are a prime example of this. In our view, the state also has flexibility to decrease its major expenditures to local governments, and in recent years it made significant midyear decreases in its funding provided to local governments, demonstrating a willingness to reduce this funding to maintain its own financial position. Officials also have the ability to delay disbursements to later in a fiscal year, which provides some cash flow flexibility.

Rhode Island has a requirement that the governor and legislature prepare and enact balanced budgets, although this might include the use of nonrecurring free surplus and fund balance. There is no voter initiative process in the state. Debt service can be paid without an appropriation budget, but does not have a first claim on revenues.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a score of '1.2' to Rhode Island's government framework.

Financial Management

Standard & Poor's considers Rhode Island's financial management practices "strong" under its Financial Management Assessment methodology, indicating practices are strong, well embedded, and likely sustainable. The state carries out revenue estimating conferences several times a year and uses their results as the basis for setting its budget. Once it's adopted the budget, the state monitors its revenues closely. Monthly monitoring and reporting of key revenues allow Rhode Island to make midyear financial adjustments if necessary to maintain balance. Furthermore, the state's use of a five-year financial plan, which it updates annually with the adopted budget, provides the basis for future fiscal decisions and recognizes out-year gaps. Rhode Island produces a five-year capital plan that outlines expected capital requirements and identifies funding sources. The state's investment management practices are conservative and actively adhered to. Although it does not have a formal debt-management policy, Rhode Island, through the public financial management board, monitors its debt issuance to ensure that debt levels stay within desired guidelines based on defined measurements, including debt as a percent of personal income. The state is funding its budget reserve and cash stabilization account at 5% pursuant to a 2006 voter-approved constitutional amendment.

We consider the state's budget management good, featuring a consensus revenue and caseload forecasting committee that meets at least twice a year and can be convened at the request of any member. The forecasting committee consists of the chief fiscal staff of the offices of the executive branch and the two houses of the legislature. However, Rhode Island's structural budget performance has been below average in recent years, in our opinion, and large out-year gaps remain. We consider the state's service levels somewhat flexible, and the state has made cuts in its local aid in recent years to balance the budget.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a score of '1.5' to Rhode Island's financial management.

Budgetary Performance

In November 2006, state voters approved changes to the level and use of some of the state's reserve funds. Through fiscal 2008, the level of the budget reserve and stabilization account was set at 3% of resources, which is funded by limiting appropriations to 98% of estimated revenues. Once the stabilization account is fully funded, excess contribution goes into the Rhode Island Capital Fund annually. The constitutional changes increased the level of the reserve account to 5% of resources, to be funded by limiting appropriations to 97% of estimated revenues. The reserve is funded at 5% for fiscal 2016.

In our view, the state's liquidity needs are predictable, although the cash flow needs have required tax anticipation note (TANs) issuance in previous years. The notes have been issued around July and repaid at the end of the fiscal year. Rhode Island issued $350 million of TANs for fiscal 2011 and $200 million in fiscal 2012, but has not issued TANs since. The fiscal 2015 budget did not include cash flow borrowing and there is no TANs issuance currently expected for fiscal 2016.

We consider Rhode Island's general revenue mix to be a strength, with no significant concentration in a single revenue source. In the revised fiscal 2015 revenue estimates, the personal income tax accounts for 33.3% of general revenue, sales tax 27%, and corporate income tax 3.2%. The state's revenue forecasts are done at least semiannually by a consensus committee of the chief finance officials from the offices of the governor, House of Representatives, and Senate. The forecasting committees can be convened at any other time at the request of one of the members. For fiscal 2015, the state overperformed its forecast, expecting to end the year with $118 million in free surplus. Medicaid caseloads, which are typically very hard to predict, were lower than expected and in November 2014 increased less than anticipated.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a '2.0' score to Rhode Island's budgetary performance.

Economy

In our opinion, Rhode Island's economy is somewhat weak compared with that of many other U.S. states. The state unemployment rate averaged 7.7% for 2014, down from 9.3% in 2013 and after peaking at 11.7% in 2010. Rhode Island's May 2015 unemployment rate was 5.9% (preliminary), somewhat higher than the nation's 5.5% rate. Population growth had been slightly negative but turned slightly positive in 2013 (0.12%) and improved to 0.35% in 2014. The state trails the national average, with the U.S. registering a compound annual growth rate of 0.86% compared with Rhode Island at negative 0.18% in the past 10 years. State incomes have historically been on par with the nation's; in 2014, the state's per capita personal income was 106% of the national level.

The state has experienced payroll growth recently, but at a time when the nation overall has recovered the jobs lost to the recession, Rhode Island has recovered fewer than two-thirds (60%). IHS Global Insight projects that Rhode Island will not reach its pre-recession employment peak until 2020, again much slower than the national picture, and that the state's annual unemployment rate will remain at or above 6.5% until the beginning of 2016. The firm projects that healthcare and professional and business services will be strong sectors for the state. Rhode Island's manufacturing sector was hit hard in the recession, and IHS Global Insight projects somewhat weak performance, adding only a few hundred jobs in the next year. The state expects its new package of tax incentives will help jumpstart the economy.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a '2.2' score to Rhode Island's economy. The improved score relative to the previous '2.3' score reflects improved unemployment figures.

Debt And Liability Profile

Tax-supported debt

As of June 30, 2014, the state's total net tax-supported debt burden was 3.7% of personal income and about $1,750 per capita, both of which we consider moderate. The fiscal 2014 carrying charge for tax-supported debt was about 7.3% of general governmental expenditures, which we consider moderately high. We do not expect that the state's debt burden will increase significantly in future years, based on its identified debt plans. Rhode Island improved its debt ratios in previous years by defeasing debt with the proceeds of a tobacco securitization. As of fiscal 2013, about $745 million of tobacco bonds were outstanding. The state issued TANs annually through 2012, but none since then. It has no exposure to interest-rate swaps, and its variable-rate debt was fully retired in December 2010. Debt service can be paid in the absence of an appropriation budget, but there is no other priority for the payment of debt before other general state expenditures. The state's debt amortization is at a level we consider above average, and officials estimate that new debt issuance is not likely to significantly outpace amortization in future years.

Delayed bond call due to administrative error

Rhode Island missed a lease payment due April 1, 2015 on its series 2009C bonds. The state had budgeted for the payment, but the trustee failed to include an amount needed for a mandatory redemption in its invoice. The interest payment was paid on time from funds on hand with the trustee. The state became aware of the missed payment on July 2 and notified the trustee. The state posted a notice on Electronic Municipal Market Access on July 2 and sent a notice to redeem the bonds on Aug. 3, the earliest it could redeem them, due to a 30 days' notice requirement. Although the missed lease payment is an event of default under the declaration of trust and triggers acceleration, there has been no such action taken by the trustee or Assured Guaranty (the insurer) due to recognition that this was an administrative error. Likewise, our criteria do not require us to take a rating action if the missed payment is due to an administrative error. In our view, the Department of Administration acted swiftly to rectify the issue, once it was identified, and has outlined additional measures that it can take as additional checks and balances to avoid this recurring.

38 Studios

Fiscal 2016 marks the third year in which Rhode Island has appropriated funds to honor its 38 Studios moral obligation debt and the first one in which the payment was not a highly contested issue. Although we believe that default on this moral obligation debt remains unlikely, we will continue to monitor this issue and any further debate about moral obligation debt service in future budgets. Consistent with our criteria, if we believe that Rhode Island wavers in its commitment to supporting its debt, we could take a negative rating action, potentially lowering GO, appropriation, and moral obligation debt by multiple notches. Furthermore, the possibility of negative credit rating actions could extend beyond the current legislative session. If we come to view the state's willingness to back the obligation as questionable, we anticipate that downward pressure on the state rating could persist into future years to the extent the issue requires ongoing state support.

Pensions and OPEBs

The Rhode Island General Assembly passed RIRSA on Nov. 17, 2011, and the governor signed it on Nov. 18. The act made significant changes to substantially all of the plans the ERSRI administers, which include: ERSRI State Employees (including correctional officers and nurses); ERSRI Teachers; Municipal Employees' Retirement System, including general employees and public safety; Judicial Retirement Benefits Trust; and State Police Retirement Benefits Trust. However, there have been litigation challenges to the enacted pension changes from 2011 and earlier years that are ongoing.

The primary changes from RIRSA are:

- The general state and municipal employees and teachers changed from a defined-benefit plan to a hybrid plan that combines a smaller defined benefit and a supplemental defined contribution element;
- The public safety plans lowered the benefit multiplier and, except for state police, extended the retirement age;
- COLAs were suspended or reduced for years in which the funded ratio for the aggregated state employees, teachers, judges, and state police plans is lower than 80% funded;
- When COLAs are allowed, they are contingent on investment performance rather than an automatic CPI-related formula;
- The schedule to amortize the reduced UAAL was re-amortized to 25 years from a 19-year schedule, which did not reduce the UAAL, but did reduce the annual contributions, though increasing the total pension payments over time.

Rhode Island recently settled litigation with all but two unions. According to the state, it does not share in the liabilities for the remaining two unions and any litigation or settlement will not affect its current settlement. House Bill 5900, Sub A, Article 21 (Art21) incorporates the settlement changes and was passed by the legislature and signed by the governor. The June 30, 2014, UAAL responsibilities for the state employees, teachers, judges, and state police systems were $4.36 billion, a 59.3% funded level. Rhode Island has full or partial funding responsibilities for those systems. Under the settlement, the UAAL increases to $4.8 billion and the funded ratio declines to 57%. The state has historically made 100% of the ARC for its pension except for a closed plan for seven members that is funded on a pay-as-you-go basis.

The unfunded liability for the state's other postemployment benefits (OPEB), as of June 30, 2013 (the reports are updated every other year), was $667.6 million, an approximate $150 million decrease from the 2011 valuation, and reflects OPEB reform efforts. The liability is about $635 per capita, which we consider moderate. Rhode Island's fiscal years 2011 through 2015 enacted budgets included full OPEB ARCs, and the state has been funding its OPEB trust fund since 2011.

On a four-point scale on which '1' is the strongest, we have assigned a '2.5' score to Rhode Island's debt and liability profile.

Related Criteria And Research

Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Moral Obligation Bonds, June 27, 2006
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013

Ratings Detail (As Of July 16, 2015)		
Rhode Island & Providence Plantations lse cert part COPs (Ri College Energy Conserv Proj) ser 2014 B dtd 11/01/2014 due 11/01/2029		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations lse part certs (Sch for the Deaf Proj) ser 2009C dtd 06/25/2009 due 04/01/2010-2014 2016-2019 2021-2024 2026-202		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations lse part cert COPs (Information Tech Proj) ser 2014 C dtd 11/01/2014 due 11/01/2024		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations lse part cert COPs (Pastore Center Energy Conserv Proj) ser 2014 A dtd 11/01/2014 due 11/01/2024		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations COPs (ASSURED GTY)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations GO bnds cons cap dev loan (Federally Taxable) ser 2014 C due 11/01/2034		
Long Term Rating	AA/Stable	Affirmed
Rhode Island & Providence Plantations GO bnds cons cap dev loan (Tax Exempt) ser 2014 B due 11/01/2034		
Long Term Rating	AA/Stable	Affirmed
Rhode Island & Providence Plantations GO (AGM)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed

Ratings Detail (As Of July 16, 2015) (cont.)		
Rhode Island & Providence Plantations GO (FGIC)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations (Energy Conservation Proj)		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island & Providence Plantations (Info Technol Proj) (ASSURED GTY)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island Convention Ctr Auth fixed rate rev		
Unenhanced Rating	NR(SPUR)	Affirmed
Rhode Island Convention Ctr Auth rev		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations lse part certs (Shepard's Bldg) rfdg ser 2007F		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations lse part certs 2005 ser C (Training Sch Proj)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Rhode Island Convention Ctr Auth, Rhode Island		
Rhode Island & Providence Plantations, Rhode Island		
Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) rev rfdg bnds		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) rfdg rev bnds (Rhode Island & Providence Plantations) ser 2015 A due 05/15/20		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) (ASSURED GTY)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Rhode Island Econ Dev Corp, Rhode Island		
Rhode Island & Providence Plantations, Rhode Island		
Rhode Island Econ Dev Corp (Rhode Island & Providence Plantations)		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island Econ Dev Corp (Rhode Island & Providence Plantations) taxable econ dev rev bnds (Fleet Financial Group Inc Proj) ser 1997 dtd 11/25/1997		
Long Term Rating	A/Stable	Affirmed
Rhode Island Econ Dev Corp (Rhode Island & Providence Plantations) var rate loan (Rhode Island & Providence Plantations) (I-195) due 03/25/2023		
Long Term Rating	AA-/Stable	Affirmed
Rhode Island Econ Dev Corp (Rhode Island & Providence Plantations) (38 Studios, Llc Proj) (AGM)		
Unenhanced Rating	BBB(SPUR)/Stable	Affirmed
Rhode Island Econ Dev Corp (Rhode Island & Providence Plantation) taxable econ dev rev (FMR Rhode Island Inc. Proj)		
Long Term Rating	A/Stable	Affirmed

Many issues are enhanced by bond insurance.

Moody's
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Rhode Island's $150M GO refunding bonds; outlook stable

Global Credit Research - 08 Jul 2015

State has about $2B in net tax-supported debt outstanding

RHODE ISLAND (STATE OF)
State Governments (including Puerto Rico and US Territories)
RI

Moody's Rating

ISSUE		**RATING**
Consolidated Capital Development Loan of 2015, Refunding Series A		Aa2
Sale Amount	$150,000,000	
Expected Sale Date	07/20/15	
Rating Description	General Obligation	

Moody's Outlook STA

NEW YORK, July 08, 2015 --Moody's Investors Service has assigned a Aa2 rating to $150 million Rhode Island General Obligation Bonds, Consolidated Capital Development Loan of 2015, Refunding Series A. The bonds will sell in a negotiated transaction on or about July 20, 2015.

SUMMARY RATING RATIONALE

Rhode Island's Aa2 rating incorporates the state's strong financial management practices, including multi-year financial planning, consensus revenue forecasting and consistent maintenance of reserves resulting in modestly positive general fund balances; and its narrow but improving liquidity. The rating also reflects an economy that has long lagged the nation's and is accompanied by weak demographics; a history of reliance on non-recurring resources to achieve budgetary balance; and high relative debt and pension liabilities.

OUTLOOK

The stable outlook reflects the state's success in shoring up its finances through maintenance of adequate available reserves, narrow but sufficient liquidity, stabilizing demographic and economic trends; and preparation for the negative impacts on the state's revenues of gaming expansion in Massachusetts.

WHAT COULD MAKE THE RATING GO UP

*Maintenance of stronger reserve levels

*Sustained economic improvement at least in line with national average based on various metrics including job growth

*Established track record of balancing budgets without significant one-time resources

WHAT COULD MAKE THE RATING GO DOWN

*Deterioration of state's liquidity position accompanied by worsening reserve and balance sheet position

*Persistent economic weakness indicated by lack of employment recovery when the rest of the nation rebounds

*Failure to appropriate funds to the state's fulfill moral obligation pledge

STRENGTHS

*Institutionalized governance practices such as semi-annual consensus revenue estimating conferences and out year budget planning

*Consistent funding of budget reserve leads to adequate rainy day fund balances

*Positive trends in liquidity management, eliminating need for short term borrowing in recent years

CHALLENGES

*Long-term economic underperformance with below-average long-term employment growth rates and very high unemployment rates.

*Unresolved challenge to pension reforms, which has provided significant savings in recent years

*Above-average dependence on lottery and gaming revenues in saturated market

*Recent legislative controversy regarding the state's moral obligation to appropriate debt service payments for 38 Studios economic development bonds.

RECENT DEVELOPMENTS

Recent developments are incorporated in the detailed rating rationale.

DETAILED RATING RATIONALE

ECONOMY

Rhode Island Expansion Lags Nation

Rhode Island's small and narrow economy has generally underperformed the nation as well as its New England neighbors for decades, as its manufacturing base eroded and the state has struggled to generate substitute sources for economic growth. The continued sluggish macroeconomic environment creates headwinds for the state's economy. The economic picture is mixed, but the state's economy sustained job growth in calendar 2014, with employment growing 1.4%, compared to US growth of 1.9%. State employment averaged .53% greater in January-May of 2015 than the same period a year ago, with the heavy winter snowfall likely contributing to slower growth.

The state also gained population in 2014, although the gain was only 0.2%. Calendar 2012 was the first year population growth has been recorded for the state since 2004.

The state's unemployment rate peaked at 11.3% (seasonally adjusted) in 2009 and has fallen to 5.9% in May 2015, ranking 14th highest amongst the 50 states. The decline in the state's unemployment rate in part reflects the contraction of its labor force, suggesting growth in discouraged workers as well as the aging demographics of the state.

The state's total personal income growth has also lagged the US over the long term, although on a per capita basis, personal income in Rhode Island exceeds the US ($48,838 vs $46,129 in 2014). The state's high per capita personal income reflects its aging population, among other factors. From 2010 to 2013, total annual personal income growth averaged 3.4% compared to the nation's 4% pace.

The May Revenue Estimating Conference forecast projects employment growth will soften to 0.9% in calendar 2015 and reach 2% in 2016. The unemployment rate is projected to decline gradually, falling from an average of 6.2% in 2015 to 5.2% by 2019. Personal income is expected to grow 3.3% in 2015 and follow a similar trajectory as employment, peaking in 2016 before subsiding in the later years of the forecast period.

FINANCES AND LIQUIDITY

Rhode Island maintained positive available fund balances (unassigned balances plus reserves) throughout the recent recession. Fund balances reached a low of 0.6% of revenues in 2009 but exceeded 5% in 2013 and 2014.

Rhode Island's constitution requires the state to appropriate less than projected revenues, using the balance to fund a budget reserve account (BRF). This requirement was strengthened by a 2006 constitutional change increasing the BRF cap to 5% from 3% of revenues and lowering the state's appropriation cap to 97% from 98% of revenues. If the BRF is fully funded, excess revenues flow into a capital account (RICAP). The constitutional change also restricted the use of this fund to capital purposes. The state reports that based on the enacted budget the June 30, 2015 BRF balance is estimated to be $184.9 million.

Fiscal 2015 Closes with Surplus

On a budgetary basis, the state estimates its fiscal 2015 total ending general fund balance at about $119 million after re-appropriations and deposits into the BRF. As in recent years, the surplus was greater than had been anticipated in the enacted budget. The state's recent revenue forecasts have been conservative, resulting in cash surpluses that Rhode Island has used to help balance the subsequent year's budget.

The enacted fiscal 2016 budget of $3.55 billion increases spending about 2.2% with a projected ending surplus of $463,5000. This slim projected margin is consistent with recent years, when actual ending surpluses have been significantly greater than the enacted budget projection. Budget initiatives include Medicaid reforms that are expected to save $70 million from baseline projections and $8.2 million in personnel and contract savings that have not yet been identified. Debt service savings of $64 million are programmed to benefit school construction and economic development initiatives.

The enacted budget implemented a number of tax changes, including exempting social security income for certain retirees from the personal income tax, eliminating sales tax on energy sources to commercial users, increasing the cigarette tax and adjusting lodging taxes to reflect changes in the lodging market, among other initiatives. Tax revenues are projected to decline 1.2% in fiscal 2016, but increases in departmental receipts are expected to more than offset the tax decline and the erosion in lottery and gaming revenues.

RI Prepares for Lottery Revenue Threat From Massachusetts Gaming Expansion

Rhode Island's budget is highly reliant on lottery and gaming revenues. The state expects that expanded gambling in Massachusetts will reduce its lottery revenues beginning in fiscal 2016. A consultant's gaming revenue forecast published in November 2014 formed the basis of state projections that lottery receipts would drop from about $385 million in fiscal 2015 to $246 million in fiscal 2020. The enacted budget reflects a lower 2015 baseline of $378 million and a $48.9 million reduction in fiscal 2016 lottery revenues. The Massachusetts Gaming Commission has awarded a slot parlor license for a facility in Plainville, 20 miles from Twin River, although the new facility is not currently authorized to have table games. Casino licenses have been issued for projects in Springfield and Everett, MA, and two finalists have been identified to run another facility that may be located closer to Rhode Island and pose more of a threat to its revenues.

Liquidity

The state's liquidity position is on a generally positive trend. The state has not issued cash flow notes since 2012 and has no plans to do so in fiscal 2016. This contrasts with the state's history of regular borrowing for cash flow purposes: prior to 2013, the state issued tax anticipation notes in all but 6 of 23 years.

Given that historically the need to issue cash notes was only relieved in years of robust economic growth (the late 1990s and the peak of the housing bubble), the recent liquidity improvement in a lackluster economy reflects the rebuilding of reserves and better management.

DEBT AND PENSIONS

Rhode Island's debt burden has dropped considerably over the past 10 years, although the state's debt ratios remain above average. In our 2015 Debt Medians, the state's total tax-supported debt was $1.98 billion, ranking 12th highest as a percent of personal income (at 4.2%). While still notably higher than Moody's 2015 50-state median of 2.5%, Rhode Island's debt burden remains well below the near-9% level the state experienced in the early 1990s. The long-run improvement in debt ratios reflects deliberate debt reduction policies, increased pay-as-you-go capital funding through RICAP, as well as gains in personal income. Most recently, the 2014 legislative session created revenue streams for highway projects to expand the pool of resources for pay-as-you-go capital spending.

Debt Structure

Of the state's outstanding net tax-supported debt, approximately 36% is general obligation debt. Almost $650 million, or a third, of the state's outstanding debt is secured by annual legislative appropriation and includes leases, certificates of participation and a privately-placed bank loan of about $38 million. The state has about $350 million in highway bonds, including GARVEEs backed by federal highway grant payments and bonds backed by the state's motor fuels tax. All of the state's debt is fixed rate debt.

Debt-Related Derivatives

The state has no debt-related derivatives.

Pensions and OPEB

In November 2011, the General Assembly passed legislation to overhaul the state's pension system. Rhode Island's reported pension funded ratio (the ratio of the actuarial value of assets to actuarial accrued liabilities) had been consistently low, averaging less than 60% throughout the last decade. The state's low funded ratio persisted despite the state annually contributing the full amount of its actuarial required contribution. After changing certain actuarial assumptions and methods in the spring of 2011 and before enacting pension reform, the 2010 funded ratio on an actuarial basis plummeted to less than 50% for both the state employees' and the teachers' systems (for which the state takes 40% responsibility), reflecting a reported unfunded liability of $6.8 billion. The actuarial valuation for fiscal 2013 reports funded ratios of 56.2% for the state employees plan and 58.1% for the teacher's plan.

Based on 2013 data, we have calculated the state's adjusted net pension liability (ANPL) at $6.8 billion, or 114% of state governmental revenues. This amount is greater than the 50-state median ANPL to revenues of 60.3% and places Rhode Island 12th when the states are ranked by this metric. Our adjustments to reported state pension data include an assumed 13-year duration of plan liabilities and a market-based discount rate to value the liabilities, rather than the long-term investment return used in reported figures. Our adjusted liability amounts currently exclude the state's two smaller plans, for legislators and judges.

Rhode Island's reform created a hybrid defined benefit and defined contribution system, suspended automatic cost of living increases, and made other changes to eligibility rules. The changes significantly reduced the state's unfunded liability and its annual required contribution.

The state and plaintiffs have settled the ensuring legal actions, solidifying significant savings to the state from the reforms.

OPEB Reforms Reduce Liability

Rhode Island's unfunded liability for other post employment benefit costs (OPEB) is estimated at approximately $714 million as of June 30, 2014. The unfunded liability is comprised primarily of $597 million for state employees and $61 million for state police. This represents a substantial reduction in OPEB liability since the June 30, 2011 valuation of $917 million, reflecting the impact of shifting Medicare-eligible retirees to Medicare exchanges. The state pays contributions based on Medicare Plan F rates to retirees' HRA accounts to purchase insurance. The state began funding OPEB on an actuarial basis in fiscal year 2011. The fiscal 2015 OPEB ARC payment for the state and other participating employers is a manageable $57 million, less than 2% of revenues.

GOVERNANCE

We consider Rhode Island's governance and financial management to be strong. The state follows a consensus revenue forecasting process, prepares multi-year spending and revenue forecasts, appropriates less than its expected revenue as a cushion, and is not subject to spending and revenue limitations or voter initiatives that can reduce flexibility.

KEY STATISTICS

Per capita income relative to U.S. average: 105.5%

Industrial diversity (1=most diverse): 0.75

Employment volatility (U.S.=100): 94

Available balances as % of operating revenue (5-yr. avg.): 3.9%

NTSD/total governmental revenue: 36.4%

3-year avg. adjusted net pension liability/total governmental revenue: 93.8%

OBLIGOR PROFILE

Rhode Island is a small state with a population of just 1.05 million, the 43rd smallest. The economy is commensurately small, with total personal income of about $51.5 billion, also ranking 43rd nationally.

LEGAL SECURITY

The bonds are a general obligation of the state, backed by a pledge of the state's full faith and credit.

USE OF PROCEEDS

Proceeds of the bond sale will be used to refund certain outstanding general obligation bonds.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US States Rating Methodology published in April 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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FitchRatings

Fitch Rates Rhode Island's $146MM GOs 'AA'; Outlook Stable

Fitch Ratings-New York-09 July 2015: Fitch Ratings assigns an 'AA' rating to the State of Rhode Island and Providence Plantations $145.725 million general obligation (GO) bonds, consolidated capital development loan of 2015, refunding series A.

The bonds are expected to sell via negotiation on or about the week of July 20, 2015.

The Rating Outlook is Stable.

SECURITY

The state's GO bonds are backed by a pledge of the state's full faith and credit.

KEY RATING DRIVERS

STRONG FISCAL MANAGEMENT: The state's financial operations are conservatively managed and the state acts proactively to close budget gaps. A constitutionally mandated limit on budget appropriations to 97% of estimated revenue and 5% budget reserve contribute to fiscal stability.

FINANCIAL PERFORMANCE STABILIZED: Following a period of persistent weakening during the recession, the state's fiscal performance has steadily recovered. In fiscal 2014, tax revenues grew for the fifth consecutive year and Rhode Island also ended the year with a fifth consecutive general revenue operating surplus. Fitch anticipates final fiscal 2015 results will continue this trend.

MODERATED LIABILITY POSITION: The state's debt position has moderated, with more disciplined debt issuance policies and cash-funding of capital projects. While the state's combined burden of debt and unfunded pension liabilities is well above average, comprehensive 2011 pension reform significantly reduced the unfunded liability and lowered annual required contributions. Recent settlement of pension litigation preserves the vast majority of the savings and removes uncertainty.

LAGGING ECONOMIC INDICES: Rhode Island's economic performance continues to trail national trends with slower jobs growth and a relatively high unemployment rate. The state's economic decline was among the worst of the states during the downturn and the pace of recovery has lagged. Fitch anticipates continued below-average economic growth.

RATING SENSITIVITIES

FUNDAMENTAL CHARACTERISTICS: The rating is sensitive to changes in the state's fundamental credit characteristics, particularly its fiscal discipline.

MORAL OBLIGATION COMMITMENT: The fiscal 2016 budget includes an appropriation for state moral obligation debt previously issued for a now-bankrupt video game company. This is the third consecutive enacted budget including the debt service appropriation. Rhode Island's GO rating incorporates Fitch's expectation that the state will sustain its full support of these bonds through final maturity. Failure to meet that commitment going forward would exert negative rating pressure.

CREDIT PROFILE
The state's 'AA' GO bond rating is based on conservative fiscal management, stable financial performance, and a manageable debt position, offset by below-average economic growth. A deep recession and fragile recovery severely strained the state's financial position. But since fiscal 2011, Rhode Island's general revenue taxes have increased every year, allowing the state to add to its rainy day fund and meet a higher statutory requirement. Fiscal 2014 results and the May 2015 revenue update indicate continued growth. Rhode Island's enacted fiscal 2015 budget includes maintenance of the rainy day fund at the statutory 5% of revenues, which the governor's fiscal 2016 executive budget continues. While Fitch anticipates modest revenue growth, Rhode Island's budget outlook assumes manageable structural gaps in the current and future years that will require continued fiscal discipline.

Rhode Island's fiscal 2016 enacted budget relies on $64.5 million in savings from this GO refunding transaction to support one-time expenditures for economic development initiatives and a one-time allocation to support K-12 school construction. The transaction shifts debt service to the out-years to generate savings this year and next, but does not extend final maturity of the refunded bonds and results in net present value savings.

SLUGGISH ECONOMIC PERFORMANCE
Current economic indicators point to an economy that will be very slow to recapture employment lost in the recession. Rhode Island's peak-to-trough nonfarm employment losses during the recession of 8% exceeded the national decline of 6.3%. The state's employment recovery has been weak as well. Through May 2015, Rhode Island had regained just 72.4% of the lost jobs, ranking 40th amongst states. National employment exceeded its pre-recession peak one year ago.

In recent months, the state's pace of jobs growth has proved relatively volatile with a high of 1.8% year-over-year (yoy) in May 2014 versus a low of 0.6% in November 2014. The three-month moving average indicates a modestly widening gap with the national trend - in May 2015, Rhode Island's three-month average yoy growth was 1.1% versus the national rate of 2.2%, while one year earlier the gap was 1.5% for Rhode Island versus 1.8% for the U.S. The gap between Rhode Island's and the nation's unemployment rate has slightly narrowed. Rhode Island's May 2015 unemployment rate of 5.9% improved notably from 7.9% the prior year, and is now 107% of the national level versus 125% in May 2014.

The state's consensus economic forecast (last updated in May 2015) calls for modest employment growth of 1% for fiscal 2015, with the recovery improving modestly in fiscal 2016 (1.5% employment growth). The fiscal 2015 and 2016 estimates are down from the May 2014 estimates of 1.4% and 2.4%, respectively. Fitch anticipates the state's growth will remain below national levels over at least the medium term, particularly given its weaker demographic profile of very slow population growth and a slightly older population.

IMPROVED FINANCIAL POSITION
Despite the weak economic performance, general revenues increased for the fifth consecutive year in fiscal 2014 with continued growth estimated for fiscal 2015, signaling a modest but continuing fiscal recovery and allowing Rhode Island to maintain its budget reserve at the full 5% requirement of general revenues (estimated $185 million at June 30, 2015). Fiscal 2014 ended with a general revenue fund free surplus of $67.8 million (inclusive of all transfers and adjustments). Revenue from the personal income tax (PIT; 32.5% of general revenues) increased 2.7% yoy, while sales tax revenue (26.7% of general revenues) increased 4.2%. The PIT growth came despite the lingering effects of income acceleration in the prior year which held back PIT growth in other states. Overall, general revenue fund (GRF) tax revenues increased 3.7% and total GRF revenues increased 3.2% yoy, essentially in line with the final forecast. The $3.4 billion in total revenues was the first time GRF revenues exceeded the pre-recession peak.

Fitch anticipates continued revenue growth in fiscal 2015 with continued full funding of the statutory reserve. The enacted fiscal 2015 budget, using the May 2014 revenue estimating conference (REC) forecast, relied on 2.2% GRF tax revenues (and 1.7% total GRF revenues) growth. The May 2015 REC forecast for fiscal 2015 is for more robust growth of 7.2% on GRF tax revenues and 5.4% on total GRF revenues. The revised projection of a $118.6 million GRF free surplus is a substantial improvement from the $575 thousand in the enacted budget.

For fiscal 2015, the estimated surplus is largely attributable to strong revenue over-performance in personal income and business taxes that the state prudently characterizes as largely non-recurring. PIT estimates in the May 2015 REC forecast are up $59.1 million versus the November 2014 estimate and $69.7 million from the enacted budget. REC analysis indicates the bulk of the gain is in capital gains related collections so the forecast does not assume similar growth in fiscal 2016. Business taxes, which are historically volatile, accounted for $46.4 million of the $108.4 million improvement in fiscal 2015 tax revenues per the May 2015 REC forecast versus the November 2014 forecast. The revenue gains allowed the state to address fiscal pressures including $20 million in unanticipated Medicaid costs and $25 million for employee contract raises which the enacted budget did not account for.

ENACTED BUDGET INCLUDES MEDICAID CHANGES

The fiscal 2016 enacted budget addresses a $190.4 million current services gap, which is somewhat higher than in recent years, primarily through expenditure reductions and use of the fiscal 2015 ending balance, partially offset with tax structure changes. The most significant expenditure reductions ($70 million) are in Medicaid via the Governor's Reinventing Medicaid Act. In February, the governor created an independent commission with representatives from the healthcare industry, unions, advocacy groups, and the legislature to develop proposals to address Medicaid spending and health outcomes. The legislature largely adopted the commission's recommendations for the fiscal 2016 budget. As with many states, Medicaid is a key cost driver and the state's efforts to control costs will be a factor in future budgetary flexibility. Revenue changes in the fiscal 2016 budget are relatively modest, totaling an estimated $35 million in net declines; $24 million is attributable to the elimination of sales and use tax levies on utility services for commercial users.

Rhode Island's multiyear budget outlook shows challenges, but structural budgetary protections mitigate associated risks. In February the governor forecast current services general revenue fund deficits of $75.2 million and $211.8 million in fiscal years 2017 and 2018, based on the enactment of the executive budget proposals. In addition to lackluster economic growth, a key driver of the shortfalls is a reduction in lottery and gaming-related revenues due to the anticipated opening of gaming facilities in adjacent southeastern Massachusetts. The constitutional funding formula that calculates contributions to the budget reserve account (capped at 5% of general revenues) limits annual appropriations to 97% of estimated revenues, providing an important fiscal cushion. With the rainy day fund at its statutory cap, excess revenues flow to a capital projects fund, thereby reducing debt issuance.

ABOVE-AVERAGE, BUT STABILIZED LIABILITIES

Pension reforms of 2011 mitigated the ongoing credit pressure from the state's long-term liability levels, which Fitch now views as manageable for the state. Recent settlement of litigation regarding these, and earlier, pension changes preserves nearly all of the savings and removes a negative credit risk. The state's debt ratios are moderate, with net tax-supported debt of $2.1 billion equal to 4.3% of 2013 personal income. This is down from 5.3% of personal income at the end of fiscal 2009. The state continues to moderate debt levels through increased cash funding of capital projects. In November 2014, voters approved several GO bond referenda previously approved by the legislature, authorizing $248 million in additional GO bonds in the next several years. In Fitch's view, the state retains sufficient debt capacity for this additional projected issuance.

On a combined basis, the burden of the state's net tax-supported debt and Fitch-adjusted unfunded pension obligations equals 11% of personal income, well above the median of 6.1% for U.S. states (as reported in Fitch's 2014 pension update). The calculations include 100% of the liability for state employees in the employees' retirement system (ERS), 40% of the teachers' liability in ERS (the state share), and 100% of the liability for the judicial retirement benefit trusts and the state police retirement benefits trust. The ERS liabilities encompass over 97% of the unfunded liabilities attributed to the state by Fitch.

Prior to significant recent reforms, the state's liability position was characterized by notably low funding levels (48.4% for ERS as of June 30, 2010) and high unfunded liabilities. The state undertook two rounds of pension reform in 2011; in the first round, the state made a variety of adjustments, including reducing the return assumption to 7.5% from 8.25%, reducing the rate of inflation, and increasing the life expectancy of retirees, which raised the state's unfunded actuarial accrued liability (UAAL).

In late 2011, a second round of reform (Rhode Island Retirement Security Act, or RIRSA) included establishing a hybrid defined benefit-defined contribution system and making future cost-of-living adjustments (COLAs) contingent on investment performance and the funded level of the plan. For fiscal 2014, the state reported system-wide funded ratios for the state employees' and teachers' portion of ERS of 57.4% and 59.6%, respectively. Under the new GASB 67 reporting standard, the system-wide ratios of pension assets to liabilities for the state employees' and teachers' portion of ERS are 58.6% and 61.4%, at the end of fiscal 2014. Under current actuarial assumptions, the state's actuary projects ERS to reach full funding in 2035.

Earlier this spring, the state reached a settlement agreement with unions challenging RIRSA and other recently enacted pension reforms that preserved 92% of the savings (based on an actuarial analysis provided by the state). By resolving the litigation on favorable terms, Rhode Island addressed a key downside credit risk. The state's actuary estimates the settlement will increase annual state contributions modestly, beginning with a $17.2 million increase in fiscal 2017. Under the settlement, the reported June 30, 2014 UAAL for all affected plans (including those for local governments) increases by a modest $290 million, or 6.3%.

EXPECTATION OF COMMITMENT TO MORAL OBLIGATION
The state's willingness to continue paying debt service on bonds issued in 2010, with a moral obligation commitment from the state, on behalf of a now bankrupt video game company are an important credit consideration for Fitch. While there has been significant public debate about the state's commitment, the fiscal 2014 and 2015 enacted budgets included the full debt service appropriations. The fiscal 2016 enacted budget also includes a full appropriation for expected debt service needs. As in prior years, the final appropriation will be net of any proceeds the bond trustee receives from related litigation.

Failure to fully appropriate for debt service on moral obligation bonds that were originally issued by a state agency would lead Fitch to reassess the state's commitment to bondholders and likely trigger negative rating action on the state's GO and appropriation-backed debt ratings. Consistent with Fitch's criteria for moral obligation pledges, Fitch does not anticipate moving those ratings below investment-grade as these moral obligation bonds were a project-specific commitment with limited direct state involvement in the company.

UNINTENTIONAL LATE COPS SINKING FUND PAYMENT NOT A CREDIT CONCERN
In April, the state unintentionally missed a $1.2 million required sinking fund principal payment on 2009

certificates of participation (COPs) issued for construction of a new School for the Deaf. Fitch does not view the missed payment as a credit concern as it reflects a minor administrative issue and does not indicate any diminished state commitment to the project or any fiscal stress. Rhode Island's fiscal 2015 budget included the required appropriation, but the trustee's invoice request for payment on related bonds did not include the sinking fund payment for the 2009 COPs. The state discovered the oversight during its year-end financial close-out process and began the payment process immediately.

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In addition to the source of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from IHS.

Applicable Criteria
Tax-Supported Rating Criteria (pub. 14 Aug 2012)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686015)
U.S. State Government Tax-Supported Rating Criteria (pub. 14 Aug 2012)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686033)

Additional Disclosures
Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=987678)
Endorsement Policy (https://www.fitchratings.com/jsp/creditdesk/PolicyRegulation.faces?context=2&detail=31)

ENDORSEMENT POLICY - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (https://www.fitchratings.com/regulatory) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

EXHIBIT E

Other PFMB Documentation

Section 42-10.1-8 Comprehensive Review

Table of Contents

Pursuant to Rhode Island Public Laws Section 42-10.1-8

No other documents were reported.

Public Finance Management Board
FY 2015 Activity

			FY 2015
10.067.1910994	Revenues (1)	$	87,647
10.067.1910104	Expenditures (2)		
	Personnel	$	97,733
	Annual Retainer for F.A.	$	25,000
	Legal	$	6,095
	Banking and Debt Mng Fees	$	5,098
	All other Operating	$	17
	Total Expenditures	$	133,943

(1) Revenues are derived from a 1/40th of 1% fee on debt issuances and deposited to a departmental revenue account in the general fund. The revenues become available for use by the State for any activity it deems appropriate.

(2) Expenditures to the program are independent of revenues collected, and are instead appropriated annually, in amounts required for operations.

Public Finance Management Board
Notice of Meeting

The next meeting of the Public Finance Management Board has been scheduled for Thursday, December 4, 2014 at 9:00 a.m. in Room 205, on the second floor of the State House, Providence, Rhode Island.

Agenda

1. Call to Order

2. Membership Roll Call

3. Approval of Minutes of Meeting held December 5, 2013*
   Note: meetings of 3/20/14, 6/19/14 & 9/18/14 were cancelled due to lack of any volume cap applications

4. New Request for Approval *

   - RI Student Loan Authority – Allocation of portion of residual volume cap and allow carry forward of same amount $100,000,000
   - RIHMFC – Allocation of a portion of residual volume cap, and allow carry forward of the same amount $196,825,000

5. Other Business

* Board Members will be asked to vote on this item

Posted on Tuesday, December 2, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC FINANCE MANAGEMENT BOARD
MEETING OF BOARD MEMBERS
December 4, 2014

A meeting of the members of the Public Finance Management Board ("PFMB") was held on Thursday, December 4, 2014 at 9:05 a.m. in Room 205, State House, Providence, Rhode Island pursuant to duly posted public notice of the meeting and notice duly given to all members.

Membership Roll Call:

The Honorable Gina M. Raimondo, General Treasurer and Chair – not present
Mr. Steven Filippi, Public Member
Mr. Thomas M. Bruce, III, Public Member – not present
Stephen Hartford, Director, Department of Administration
Mr. Robert A. Mancini, Public Member – not present
Mr. W. Lincoln Mossop, Public Member – not present
Mr. Edward F. Yazbak, Public Member
Mr. Christopher Feisthamel, Designee for Treasurer Raimondo

The following Staff members were present: Mr. Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP, and other members of the Treasurer's Staff. Also present were: Richard Hartley and Kara Lachapelle from the Rhode Island Housing and Mortgage Finance Corporation ("RIHMFC") and Charlie Kelley and Noel Simpson from the Rhode Island Student Loan Association ("RISLA"). There being a quorum, the meeting was called to order at 9:05 a.m.

Mr. Feisthamel moved to the first agenda item:
Consideration to approve the Public Finance Management Board Minutes. Mr. Hartford moved; Mr. Filippi seconded a motion. The following motion was passed by these members who voted in favor: Mr. Filippi, Mr. Hartford, Mr. Yazbak, and Mr. Feisthamel.

VOTED: To approve the Minutes of the December 5, 2013 PFMB Regular Meeting.

Mr. Feisthamel moved on to the next agenda item:
Consideration to approve an allocation of volume cap to RISLA. Mr. Yazbak moved; Mr. Hartford seconded a motion. The following motion was passed by these members who voted in favor: Mr. Filippi, Mr. Hartford, Mr. Yazbak, and Mr. Feisthamel.

VOTED: To approve an allocation of volume cap in the amount of $100,000,000 to the Rhode Island Student Loan Authority (RISLA); and to allow that allocation to be carried forward and that the Board's legal counsel be directed to file the necessary tax forms with the Internal Revenue Service (IRS) in connection therewith.

Mr. Feisthamel moved on to the next agenda item:
Consideration to approve an allocation of volume cap to RIHMFC. Mr. Hartford moved; Mr. Yazbak seconded a motion. The following motion was passed by these members who voted in favor: Mr. Filippi, Mr. Hartford, Mr. Yazbak, and Mr. Feisthamel.

VOTED: To approve an allocation of volume cap in the amount of $196,825,000 to the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC); and to allow that allocation to be carried forward and that the Board's legal counsel be directed to file the necessary tax forms with the Internal Revenue Service (IRS) in connection therewith.

Other Business. Mr. Feisthamel opened the floor to other business. There being none, Mr. Feisthamel entertained a motion to adjourn the meeting.

Mr. Yazbak moved, Mr. Hartford seconded and the following motion was passed. The following members voted in favor: Mr. Filippi, Mr. Hartford, Mr. Yazbak, and Mr. Feisthamel.

VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 9:25 a.m.

Respectfully submitted,

Gina M. Raimondo
General Treasurer

Public Finance Management Board
Regular Meeting Minutes
Thursday, December 3, 2015
9:00 a.m.
Room 205, State House

A meeting of the members of the Public Finance Management Board ("PFMB") was held on Thursday, December 3, 2015 at 9:05 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. Roll Call of Members

The following members were present:

The Honorable Seth Magaziner, General Treasurer and Chair
Mr. Shawn Brown, Public Member
Mr. Michael DiBiase, Director, Department of Administration
Mr. Robert A. Mancini, Public Member
Mr. Joseph Reddish, Public Member

Also in attendance: Mr. Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP, Mr. Jeffrey Padwa, General Counsel of the General Treasurer's Office, and other members of the Treasurer's Staff; Barbara Fields, Richard Hartley and Kara Lachapelle from the Rhode Island Housing and Mortgage Finance Corporation ("RIHMFC"); and Charlie Kelley and Noel Simpson from the Rhode Island Student Loan Association ("RISLA").
There being a quorum, the meeting was called to order at 9:05 a.m.

II. Approval of Minutes

Mr. Magaziner moved to the first agenda item:
Consideration to approve the Public Finance Management Board Minutes. Mr. Mancini moved; Mr. Brown seconded a motion. The following motion was passed by these members who voted in favor: Mr. Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini and Mr. Reddish.

VOTED: To approve the draft of the Minutes of the December 4, 2014 PFMB Regular Meeting.

III. New Request for Approval

Mr. Magaziner moved on to the next agenda item:
Consideration to approve an allocation of volume cap to RISLA. Mr. Charles Kelley, Executive Director of RISLA, presented RISLA's application and discussed, among other items, the Authority's debt issuance history and its upcoming plans, its historical ability to carryforward volume cap issuance, the student loan marketplace, low default rates and the occasion for RISLA to provide refinancing opportunities to existing student loan debtors. Mr. DiBiase moved; Mr. Mancini seconded a motion. The following motion was passed by these members who voted in favor: Mr. Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini and Mr. Reddish.

VOTED: To approve an allocation of volume cap in the amount of $60,000,000 to the Rhode Island Student Loan Authority (RISLA); and to allow that allocation to be carried forward and that

the Board's legal counsel be directed to file the necessary tax forms with the Internal Revenue Service (IRS) in connection therewith.

Mr. Magaziner moved on to the next agenda item:
Consideration to approve an allocation of volume cap to RIHMFC. Ms. Kara LaChapelle, Director of Finance and Technology of RIHMFC, joined by Ms. Barbara Fields and Mr. Richard Hartley, presented RIHMFC's application and discussed, among other items, the Corporation's debt issuance history and its upcoming debt issuance plans, its historical ability to carryforward volume cap issuance, the increased demand for single and multi-family loans. Mr. Reddish moved; Mr. Brown seconded a motion. The following motion was passed by these members who voted in favor: Mr. Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini and Mr. Reddish.

VOTED: To approve an allocation of volume cap in the amount of $241,515,000 to the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC); and to allow that allocation to be carried forward and that the Board's legal counsel be directed to file the necessary tax forms with the Internal Revenue Service (IRS) in connection therewith.

IV. Discussion of State Debt Practices

Members discussed the role that PFMB would assume as part of the Treasurer's recommendations for overhauling public debt management and oversight, and specifically the scope of the study that the Treasurer has recommended of the state's debt management practices to be conducted by the state's new financial advisor, Public Resources Advisory Group ("PRAG"). Member Robert Mancini, president of the Rhode Island Society of Certified Public Accountants, offered his organization's pro bono assistance with debt analysis. All members voiced their agreement that the study should be done; to meet again in January after Treasury works with PRAG, the Society of CPAs, and others to design the scope of the study; and that the PFMB will meet more frequently moving forward.

V. Statutory Required Training of New Members

Mr. Jeffrey Padwa explained that state law requires that members of the PFMB board are required to be trained within six months of appointment on statutory provisions, regulations, the Code of Ethics, the Access to Public Records Act and the Open Meeting Act. He reviewed the PFMB statute and regulations with the members. The Open Meetings Act, APRA and the Open Meetings Act were reviewed and it was explained how they apply to PFMB and its board members. He went on to review the code of ethics and members' responsibilities. Mr. Padwa added that trainings are offered by the Attorney General's office, if members are interested.

Mr. Magaziner opened the floor to other business. There being none, Mr. Magaziner entertained a motion to adjourn the meeting. Mr. DiBiase moved, Mr. Mancini seconded and the following motion was passed. The following members voted in favor: Mr. Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini and Mr. Reddish.

VOTED: To adjourn the meeting.

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

Respectfully submitted,

Seth Magaziner,
General Treasurer