



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

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday, February 4, 2016 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 from League of Cities & Towns
- Mr. Michael DiBiase, Director, Department of Administration
- Mr. Robert A. Mancini, Public Member
- Mr. Joseph Reddish, Public Member
- Ms. Patricia Anderson, Public Member from League of Cities & Towns

Also in attendance: Mr. Eugene Bernardo, Esq., Legal Counsel from Partridge Snow & Hahn LLP, Mr. Jeffrey Padwa, Chief of Staff and General Counsel for the General Treasurer’s Office, and other members of the Treasurer’s Staff; Chris Vitale and Adam Krea (FirstSouthwest) on behalf of the Rhode Island Infrastructure Bank.

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, Mr. Reddish and Ms. Anderson.

**VOTED: To approve the draft of the Minutes of the December 3, 2015 PFMB Regular Meeting.**

**III. Requests for Approval**

Mr. Magaziner moved on to the next agenda item:

Consideration to approve an allocation of reserve volume cap to the Public Finance Management Board (PFMB). Mr. Reddish 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, Mr. Reddish and Ms. Anderson.

**VOTED: To approve an allocation of reserve volume cap in the amount of \$30,287,500 to the Public Finance Management Board (PFMB), which represents 10% of the annual federal cap allocation.**

Mr. Magaziner moved on to the next agenda item:

Consideration to approve an allocation of volume cap to the Rhode Island Infrastructure Bank (RIIB). Mr. Chris Vitale, Legal Counsel to RIIB, and Adam Krea of FirstSouthwest, Financial Advisor to RIIB, presented RIIB's application and discussed, among other items, the history of the debt issuance and its plans for satisfying the debt issuance. 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, Mr. Reddish and Ms. Anderson.

**VOTED: To approve an allocation of volume cap in the amount of \$30,000,000 to the Rhode Island Infrastructure Bank for Rhode Island Infrastructure Bank Treatment System Refunding Revenue Bonds (City of Cranston/Triton Ocean State LLC Project), Series 2016; and provided that if this volume cap allocation is not used on or before December 1, 2016, it shall revert to and be reserved for the PFMB for reallocation.**

Mr. Magaziner suggested to alter the order of the agenda in order to accommodate representatives from PRAG who will be making a presentation. Mr. Magaziner entertained a motion to take item 6 on the agenda out of order. 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, Mr. Reddish and Ms. Anderson.

**VOTED: To take item 6 on the agenda out of order.**

#### **IV. Discussion of State Debt Management Study**

Janet Lee and Tom Huestis from the state's financial advisor, Public Resources Advisory Group (PRAG), gave a presentation covering best practices in state debt management. Their presentation covered: Debt Affordability, Formal Debt Policies, Refunding Guidelines, Debt Compliance Guidelines, Oversight of Debt of State Agencies, and State Oversight of Local Governments. Following the presentation, PFMB members discussed the objectives for having PRAG conduct a debt management study, the scope of such a study, and the cost for conducting such a study. Mr. DiBiase advocated for a broad scope of study to better inform the PFMB on potential policy changes regarding oversight. Mr. Mancini voiced support advocating for data-driven decision making. Mr. DiBiase moved; Mr. Reddish seconded a motion. The following motion was passed by these members who voted in favor: Mr. Magaziner, Mr. Brown, Mr. DiBiase, Mr. Mancini, Mr. Reddish and Ms. Anderson.

**VOTED: To authorize the General Treasurer's staff to negotiate with PRAG the scope of a debt management study as well as the cost to conduct such a study and to return to the PFMB for approval.**

#### **V. Legislative Update**

Mr. Magaziner moved on to the next agenda item:

Discussion of proposed legislation pertaining to debt management. Mr. Magazier discussed several legislative proposals for debt management, including one contained in the Governor's budget, which would

create a Division of Debt Management and enhance reporting requirements for municipal and quasi-public debt issuers. Other legislative proposals include potential legislation by the Treasurer's Office, which would require PFMB approval for certain debt issuances that were not already approved by voters or the General Assembly, and another proposal introduced by Senator DaPonte that would establish a statewide limit on public debt. Members discussed the various proposals and Mr. Brown emphasized the need not to unduly burden municipalities that are already subject to various approval processes. The Members agreed to continue monitoring these various pieces of legislation as they develop.

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, Mr. Reddish and Ms. Anderson.

**VOTED: To adjourn the meeting.**

There being no further business, the meeting adjourned at 10:30 a.m.

Respectfully submitted,

**Seth Magaziner,  
General Treasurer**

EXHIBIT A

2016 Allocation Resolution No. 1

WHEREAS, the Public Finance Management Board (the “Board”) has been created pursuant to the provisions of Chapter 10.1 of Title 42 of the General Laws of the State of Rhode Island, enacted as Chapter 477 of the Public Laws of 1986, effective June 25, 1986; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), places volume cap restrictions on the issuance of certain tax exempt private activity bonds issued by State and local issuing authorities within the State of Rhode Island; and

WHEREAS, the provisions of Section 146 of the Code provide that states may allocate the volume cap restrictions among state and local issuing authorities; and

WHEREAS, the Board, under Section 42-10.1-3 of the General Laws of the State of Rhode Island, is authorized to allocate tax-exempt bond issuance capacity among all issuers in the State of Rhode Island.

NOW THEREFORE, under the authority granted by law, the Board hereby makes the following findings and allocations:

1. Based upon the provisions of the Code, the Board finds that the private activity bond volume cap for the State of Rhode Island for the 2016 calendar year is Three Hundred Two Million Eight Hundred Seventy-Five Thousand Dollars (\$302,875,000).
2. Subject to the conditions set forth below, the Board makes the following allocations of the 2016 volume cap of the State:
  - A. To the Rhode Island Public Finance Management Board, an amount equal to \$30,287,500.
  - B. To the Rhode Island Infrastructure Bank up to \$30,000,000 for the City of Cranston/Triton Ocean State LLC Project.
3. The allocations are made subject to the following conditions:
  - A. Any amount issued under allocation may only be issued for purposes authorized under the laws of the State of Rhode Island and the United States for which a volume cap allocation is required under the provisions of the Code.
  - B. That any amount of volume cap allocated under the Resolution and not used on or before December 1, 2016 shall revert to and be reserved by the Board for reallocation.
4. The Board reserves for future allocation all unallocated 2016 volume cap outstanding after giving effect to Resolution No. 1.
5. The Board reserves for reallocation any amount allocated under this Resolution to any issuing authority, which may revert to the Board under the provisions of paragraph 3 hereof.

6. This Resolution shall take effect upon its adoption by the Board effective February 4, 2016.

Dated: February 4, 2016

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