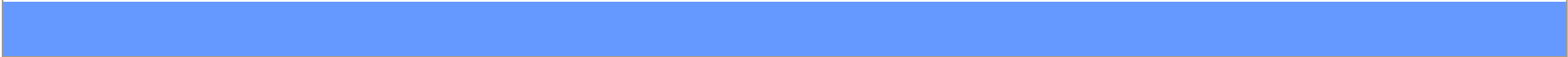


State of Rhode Island
Office of General Treasurer
Seth Magaziner

Frank Quinn
Director, Debt Management

Municipal Training Conference

July 16, 2018



Revamping of
State of Rhode Island's
Rating Agency
Presentation

Creation of Office of Debt Management

3

- At Recommendation of Treasurer FY 2017 Budget Included Reforms to Management of Public Debt:
- PFMB to Advise & Assist All RI Governmental Units on Debt Issuance; Conduct Biennial Debt Affordability Study; Annually Ascertain Purpose of Debt – Amount Authorized (Sold & Unsold)
- Monitor Debt Outstanding & Keep Within Recommended Debt Ratios
- Render Non-Binding Advisory Opinions to All Issuers

Why Ratings Are Important

4

- Ratings Represent Consistent Framework for Ranking & Comparing Relative Risk of Debt Issues
- Ratings Have Important Effect on Price/Yield
- Ratings Not Recommendation to Buy or Sell, But Market Participants Rely on Ratings to Compare Interest Rate Spreads Among/Between Rating Categories

Why Revamp Approach?

5

- State Wanted to Solidify Already Good Relationships with Rating Agencies
- Present Best Case for Ratings
- Establish Consistent Template for Future Ratings Requests
- Coordinated Effort to Improve Approach to Ratings And Marketing of State Bonds

Prior to March 2017

6

- Previous Presentations Were Lengthy but Needed Focused Messaging. Contained Key, but Unrelated Points:
 - Economy/Gaming Updates
 - Budget/Revenue Updates & 2 Year Audit Comparisons
 - Pension & Medicaid Reform
 - Progress on Structural Deficit
 - Economic Development
 - Infrastructure – Rhode Works Program

March 2017 Established Themes for the Presentation

7

- With Assistance of PRAG - Revised Presentation & Outlined Several Major Themes; Looked at Minnesota & Georgia Examples:
 - Overview
 - Pension Status
 - Economy
 - Budget/Revenue Updates
 - Proposed Financing Schedule

Thematic Approach

8

- Provided Ability to Emphasize Most Important Credit Considerations in Consistent Format:
 - History of Making Tough Decisions to Improve Credit
 - Pension & Medicaid Reforms
 - Investments in Economic Development & Infrastructure
 - Strong Liability Funding Discipline
 - Highlight the State's Credit Strengths
 - Demonstrate Improving State Economy

Highlight the State's Credit Strengths

9

- Twelve separate “Rhode Island Strengths” slides were used with subheadings.
- Examples included:
 - Three Years of Results
 - Rhode Island’s Economic Transition
 - Economic Progress Enhances Strong Credit
 - Increasing Investment in Targeted Areas
 - Incentives Support Growth of Companies, Job Training and Development
 - 2018 Ballot Proposal – \$250 MM Investment in School Building Program
 - Investment in Infrastructure – RhodeWorks

Frame the Presentation Discussion

10

- Each presenter gave more detailed information on assigned topic and were able to refer back to the Themes during their talk in order to reinforce the State's Credit Strengths message.

Other Recent Initiatives

11

- Proactive PFMB Meets Regularly – Sets Policy
- Biennial Debt Affordability Study Very Useful to Issuers
- Digital Assurance Certification (DAC) – Reassures Investors MSRB Reporting is Current
- Revised State Appendix to OS; Standardized Pension Reporting for All Issuers to Utilize
- More Informative Treasury Website:
 - Programs Tab – Debt Management (Notices of Proposed & Final Sale)
 - Investor Relations (BondLink)

Current Ratings

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GO Lease

- Fitch Ratings
- Moody's
- S&P Global Ratings
 - Outlook Stable

AA AA-

Aa2 Aa3

AA AA-

Q & A

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Contact Information

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