

Rhode Island School Building Taskforce

Monday, October 30, 2017 4:30 pm
1 Capitol Hill
Providence, RI 02908

Minutes

I. Introductions

Taskforce members present: Treasurer Seth Magaziner (co-chair), Commissioner Ken Wagner (co-chair), Elizabeth Burke Bryant, Joseph Dewhirst, Director Michael DiBiase, Frank Flynn, Jhonny Leyva, Dave Cournoyer, Larry Purtill, Michael Sabitoni, Neil Steinberg, Dr. Patricia Flanagan, Sen. Hanna Gallo, Andy Nota.

Taskforce members absent: Kinzel Thomas, John Hazen White, Jr., Representative Marvin Abney, Barry Ricci, Jo Eva Gaines.

Other attendees included: Jeff Diehl of Rhode Island Infrastructure Bank and Bob Donovan of Rhode Island Health and Educational Building Corporation.

Treasurer Magaziner called the meeting to order at 4:34 p.m.

II. Co-Chairs' Remarks

Treasurer Magaziner and Commissioner Wagner welcomed Taskforce members. The Treasurer summarized past meetings discussions before explaining the purpose of this week's meeting will be to hear how costs can be kept down for cities and towns with presentations from Rhode Island Infrastructure Bank (RIIB) and Rhode Island Health and Educational Building Corporation (RIHEBC). The Taskforce will also begin its discussions on which projects it will look to incentivize.

Treasurer Magaziner spoke of the public listening sessions, with previous sessions being held in Newport and Johnston. He noted there had been good feedback at those sessions and expects more helpful input from the future listening sessions. The transcripts from the sessions will be provided to the Taskforce.

III. Approval of the October 23rd, 2017 Taskforce Meeting Minutes

On a motion by Mr. Sabitoni and seconded by Ms. Gallo, it was unanimously **VOTED:** to approve the October 23rd, 2017 Taskforce Meeting Minutes.

IV. Presentation by the Rhode Island Infrastructure Bank

Mr. Diehl spoke about RIIB's model and purpose, specifically regarding how capital pool financings can be a tool to accelerate investment and lower finance costs. He proceeded to explain the different pooled loan models. He then provided a detailed example as to how this was successfully used by a city to fund a capital project.

The Taskforce asked questions to clarify how the RIIB model would effectively translate to financing school projects.

Treasurer Magaziner told the Taskforce it was important to demonstrate how revolving fund models can work to benefit cities and towns and noted that the state Senate study group on school construction had a recommendation several years ago to set up a revolving funds to help with costs of borrowing.

V. Presentation by the Rhode Island Health and Educational Building Corporation

Mr. Dewhirst provided the Taskforce background on himself and Mr. Donovan before talking about the administrative functions of RIHEBC. He then went on to describe various possibilities as to how they could reduce finance costs, specifically by strengthening its Intercept Program, having the state issue a full faith and credit guarantee of the debt, and establishing both a dedicated revenue source and a dedicated fund.

Mr. Steinberg spoke about a joint project between the RI Foundation and RIHBEC. The partnership helps reduce the amount of state funds needed for loans as a portion of loan repayment needed from the communities undertaking capital projects would be issued by RI Foundation to RIHEBC. The purpose is to jumpstart programs and hopefully attract other private capital pools to do the same. Treasurer Magaziner said this project was exciting as it could act as a "tip of the spear", encouraging other private and philanthropic organizations across the state to finance school construction projects.

VI. Discussion on share ratio incentives

Shifting away from the financial side of the issue, Treasurer Magaziner broached the subject of prioritizing the spending of funds. Incentivizing districts can help them not only do more quickly but also nudge them toward undertaking the more necessary projects. He asked the Taskforce what these incentives should be.

Mr. Levya stated that Women and Minority owned businesses (WMBE) contractor participation be encouraged.

Mr. Dewhirst stated warm, safe and dry should be incentivized.

Mr. DiBiase added that the "newer and fewer" approach be encouraged instead of using good funds to refurbish old, small, out-of-date facilities. Treasurer Magaziner said applying the 65% replacement threshold as used in the Jacobs report would be a good baseline to use to apply that

type of incentive. Dr. Flanagan offered that if this approach were encouraged, however, it could potentially harm less affluent school districts as a new facility would be harder to finance for those areas.

Ms. Burke Bryant cited the MSBA's incentive point system that was presented at the last meeting and thought a system like that should be utilized to encourage activities.

Mr. Steinberg said regional collaboration should be encouraged. Ms. Gallo remarked that only smaller communities are able to regionalize so larger cities and towns would be at an unfair disadvantage as they are not able to receive those incentives.

Mr. Nota added there should be merits, if using a point system, for routine and capital maintenance and upkeep.

Treasurer Magaziner was excited by the ideas, asked if the Taskforce wanted to use just "carrots" and no "sticks," and proposed possibly using expiring incentives to motivate action in the short-term.

Mr. Sabitoni said that if criteria are not met within a predetermined timeframe that there should be a penalty.

Ms. Burke Bryant stated there should be a penalty if other program needs are not being met.

The list of ideas was compiled and will be fleshed out and detailed at subsequent meetings.

VII. Adjournment

The Treasurer concluded the meeting by stating if the public attendees signed the attendance sheet, they would be emailed copies of presentations from the day's meeting. He also said if there were additional questions for any of the presenters, the Treasurer's Office would be happy to pass those along and have them answered for the next meeting. He advised on a new website for public feedback as well, which can be found at FixMySchool@ride.ri.gov. He welcomed any other feedback or thoughts on the content of the meeting.

There being no other business to come before the body, the meeting adjourned at 6:03 p.m.