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Rhode Island Governor Calls for Infrastructure Bank

by [Paul Burton](#)

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Rhode Island Gov. Gina Raimondo and General Treasurer Seth Magaziner on Wednesday announced plans for a state infrastructure bank that would serve as a centralized hub for green infrastructure financing alternatives.

The initiative, which calls for leveraging state, federal and private-sector funds, is part of the \$8.6 billion budget Raimondo presented to lawmakers last week.

They look to expand the role of the quasi-public Rhode Island Clean Water Finance Agency, a triple-A rated agency that now issues loans for infrastructure work.

“This is a smart policy that moves the state forward,” Raimondo said in a statement.

Raimondo a day earlier nominated former Bancorp Rhode Island Inc. chief executive Merrill Sherman to chair the agency, subject to state Senate approval. Sherman, now a principal at Sherman Consulting LLC, intends to foster relationships with lenders.

“I am excited to get to work in support of strengthening our state’s infrastructure,” said Sherman, who succeeds James Hagerty.

The Rhode Island Infrastructure Bank would also expand eligibility for storm water remediation lending to private entities and establish a revolving loan fund for brownfields redevelopment.

“Our state needs bold action and new ideas that will jump-start our economy and put Rhode Islanders back to work, and the Rhode Island Infrastructure Bank will do exactly that,” said Magaziner, who succeeded Raimondo as treasurer and took office in January.

Rhode Island’s General Assembly formed the clean water agency. Its operating expenses are funded solely from loan services fees generated from managing its programs.

In assigning its AAA rating in December to Rhode Island’s drinking water state revolving fund, which the clean water agency oversees, Fitch Ratings cited a robust financial structure, a highly rated borrower pool, significant borrower concentration and strong program management.

“The loan portfolio has a high level of concentration as the pool consists of only 20 borrowers,”

said Fitch. “RICWFA’s management team is experienced and maintains sound underwriting and loan monitoring procedures as evidenced by the fact that the trust has never experienced a borrower default.”

As general treasurer from 2011 to 2014, Raimondo had proposed a municipal infrastructure bank to help cities and towns obtain funding for infrastructure upgrades. In 2013, she and then-House Speaker Gordon Fox proposed a \$70 million revolving fund to fortify local infrastructure.

Raimondo, in last week’s budget message, cited the need to jump-start Rhode Island’s sagging economy. Her initiatives include a debt restructuring to enhance economic development. A restructuring could yield \$64.5 million and \$19.4 million in fiscal 2016 and 2017, respectively, she said.

Projects would include \$20 million for a school construction capital fund, which a new school building authority would oversee; \$25 million for an I-195 development fund related to downtown Providence land vacated by the relocation of Interstate 195.

Moody’s Investors Service rates Rhode Island’s general obligation bonds Aa2. Fitch and Standard & Poor’s rate them AA.



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