

# THE BOND BUYER

## An \$85 million deal boosts schools in a Rhode Island town

By

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The recently closed \$85 million of special obligation bonds the Rhode Island Health and Educational Building Corporation sold for the town of Johnston is the latest state-backed deal targeting the mounting infrastructure needs of the state's public education system.

The Series 2022 F bonds are rated AA by S&P Global Ratings.

RIHEBC, the state's conduit issuer for educational development, priced the deal Sept. 14, according to Refinitiv, to yield from 2.6% on a 2026 maturity to 4.38% for a 2052.



The \$85 million deal is "phase one" of a plan to revitalize the physical plant of the schools in Johnston, Rhode Island, said Kim Mooers, executive director of the Rhode Island Health and Educational Building Corp.

Janney Montgomery was lead underwriter, and Oppenheimer, Academy Securities and Siebert Williams Shank were co-managers, according to Refinitiv.

Providence-based Partridge Snow & Hahn LLP is bond counsel.

Acacia Financial Group was municipal advisor for the RIHEBC, and PFM Financial for the town of Johnston.

According to [the official statement](#), the bonds carry 5% coupons from 2026 to 2038, with 5.5% coupons for 2039 to 2052 maturities. The deal closed Thursday, with a premium of \$8.5 million, generating a total of \$93.5 million to pay for Phase 1 of Johnston's school facility improvement plan, said Kim Mooers, executive director of the RIHEBC.

Debt service and other obligations for the bonds will be covered by funds drawn from a mix of state education aid programs, local property taxes, and general fund revenues.

Mooers estimates that state aid will cover upwards of 56% of costs Johnston incurs related to the new construction and renovations of its schools.

The deal is just the first of a "multi-phase" capital plan the town of 29,000 is undertaking, said Mooers.

Johnston plans to raise a total of \$250 million in similar deals over the next three years to fund additional improvements to school infrastructure.

"That will include a brand new early childhood center, and a new elementary school, and then completely renovated middle and high school buildings," Mooers said. "So this is phase one."

Rhode Island has been spending more to revitalize its public education facilities.

The state mounted a turnaround in funding and oversight of its public schools' physical plant following a 2017 state-backed study that showed a system that was in "disrepair," according to Mooers.

According to the study, every school district in the state had infrastructure needs that were not being met, several critical, including \$600 million in spending needed to keep schools insulated against inclement weather and heated against colder temperatures. Overall, the consultants estimated total costs to bring schools up to standard would be \$2.2 billion.

She said that as well as requiring state oversight for all municipal school-related projects, there was a big push "to have the state appropriate more aid to education since after the report was published.

Statewide RHIBEC has provided doled out over \$2 billion in financing through a school construction bond program that's been tapped by nearly every school district in the state.

Those funds have gone to finance the construction of facilities that can meet a wide array of modern educational needs and vocational training requirements, said Mooers, who pointed to a new \$193 million high school [campus in East Providence](#) built with the state's financial support as a success story.

"It is an amazing facility, and it's definitely setting those kids up," she said.

