

OVERVIEW AND SELF-EVALUATION OF THE RHODE ISLAND HEALTH AND EDUCATIONAL BUILDING CORPORATION

Adopted by the RIHEBC Board on July 27, 2022

Updated 9/15/23

PURPOSE

The purpose of this Overview and Self-Evaluation of The Rhode Island Health and Educational Building Corporation (the “Corporation” or “RIHEBC”) is to be responsive to the Quasi-Public Corporations Accountability and Transparency Act adopted by the General Assembly as set forth in Rhode Island General Law 42-155, *et seq.* Its purpose is further to provide the Corporation’s stakeholders with a report on the effectiveness of the Corporation’s programs and activities.

OVERVIEW

The Corporation is a quasi-public agency that offers financing programs, including tax-exempt bonds, to Rhode Island’s public and private educational institutions, not-for-profit healthcare providers, and other eligible non-profit institutions. While it is a component unit of the state, RIHEBC is financially independent of the state because its core operations are funded solely from the fees it charges for its services.

MISSION STATEMENT

The mission of the Corporation is to provide cost-effective, efficient, and user-friendly funding programs for mission-critical capital projects of eligible institutions. Eligible institutions include municipalities, public and private educational institutions, nonprofit performing arts centers, museums, hospitals, and other nonprofit physical and mental healthcare organizations. RIHEBC’s financing programs include tax-exempt or taxable bonds, grants, and direct loans.

TEN YEAR ECONOMIC IMPACT AND PERFORMANCE STATISTICS

Since its establishment as a self-supporting agency, RIHEBC has provided approximately \$10.5 billion in financing to eligible borrowers. As of the fiscal year 2022 audited financials, the Corporation oversees \$3.3 billion in bonds outstanding. RIHEBC’s programs continue to effectively meet the needs of its eligible institutions by providing timely and cost-effective financing. During fiscal years 2014 to 2023, RIHEBC provided over \$4.0 billion in total bond financing to 33 institutions, 28 communities, 4 regional school districts, 4 hospitals, and 9 other healthcare facilities. Of this amount, \$2.0 billion represents funds used to finance new construction or renovation projects, creating an estimated 8,200 jobs and \$3.4 billion in economic activity. The other \$2.0 billion of this ten-year total represents funds that were used to refinance other debt for the purpose of generating debt service savings and/or to restructure an institution’s



debt portfolio. When compared to conventional bank financing, RIHEBC's financing programs have yielded approximately \$380.0 million in interest cost savings for borrowers during this 10-year period.

During this time, RIHEBC, through its efficient approval process, was able to complete financings, on average, within 145 days of receipt of a borrower application. Furthermore, the fees that the Corporation assesses to complete these financings are lower than at comparable issuers within the state and the nation.

The Corporation has become the prominent issuer for tax exempt financing in the State and has developed extensive knowledge and expertise in providing such financing. Its expertise and assistance have become more important to its clients due to the increasing complexity and scrutiny imposed by federal agencies and U.S. Congress on the use of tax-exempt financing.

BOARD OF DIRECTORS

RIHEBC's Board is appointed by the Governor. Each member serves a five-year term. At the end of fiscal year 2023, the Board of Directors consisted of the following individuals:

Ms. Channavy Chhay, Chair. Term Expires: June 30, 2027. Ms. Chhay, a resident of East Greenwich, Rhode Island, is the executive director of the Center for Southeast Asians.

Mr. William S. Murray, Vice Chair. Term Expires: June 30, 2026. Mr. Murray, a resident of Cumberland, Rhode Island for 56 years, was mayor of Cumberland from 2015 to 2019. He is currently working for Best Practice Energy in Wakefield as Energy Adviser/Consultant.

Mr. David Almonte, Treasurer. Term expires June 30, 2024. Mr. Almonte is a resident of Exeter, Rhode Island. He is a certified public accountant and is employed as a Senior Manager/Financial Reporting and Analysis for Amica Mutual Insurance Company.

Ms. Lisa Andoscia, Secretary. Term Expires: June 30, 2025. Ms. Andoscia is a resident of North Providence, Rhode Island, and a business consultant. In 2002, she founded Rosewood Consulting Inc.

One (1) Vacant Board Position

STAFF

At the end of fiscal year 2023, Corporation staff consisted of the following individuals:

Kimberly Mooers, Executive Director
Scott O'Malley, Chief Financial Officer/Human Resource Director
Jennifer Almeida, School Building Aid/Funds Manager
Dina Munroe, Executive Assistant

ADVISORS TO THE CORPORATION

At the end of fiscal year 2023, the Corporation's advisors consisted of the following firms:

Savage Law Partners, LLP, *General Counsel*
Withum, *Independent Auditors*
Advocacy Solutions, LLC, *PR/Marketing*
Dome Consultants, LLC, *Lobbyist*

Municipal Advisor Firms

Acacia Financial Group, Inc.
Hilltop Securities Inc.
PFM Financial Advisors, Inc.

Bond Counsel Firms

Bowditch & Dewey, LLP
Greenberg Traurig, LLP
Hinckley Allen & Snyder LLP
Locke Lord LLP
Mintz, Levin, Cohen, Ferris, Glovsky and Popeo, P.C.
Pannone Lopes Devereaux & O'Gara LLC
Partridge Snow & Hahn LLP

All of these advisors were secured through a competitive procurement process that typically occurs every 2 to 5 years.

PROGRAMS

Bond Financing Program

RIHEBC's issuance of tax exempt and taxable bonds has provided financing ranging from \$1 million to \$265 million for buildings and facilities. It has assisted with capital projects for every hospital, college and university in Rhode Island, as well as skilled nursing/assisted living facilities, charter schools, private and public elementary and secondary schools, and community health centers. For larger transactions, bonds are typically sold as public offerings through an investment bank or syndicate of banks. Smaller bond issues are often privately placed directly with a bond purchaser, most often a local or regional bank. See below under "Bonds Issued in Fiscal Year 2023" for a summary of the current year's bond issuances.

Equipment Lease Program

The goal of the Equipment Lease Program is to provide a faster and less expensive alternative to financing equipment needs and associated renovation projects than is available under the bond program. The Program is designed to be an alternative to single source vendor financing and taxable commercial financing and is best used for financing shorter-lived assets. The lenders in this program might be local or regional banks, or finance companies that specialize in lease financings. This program has not been utilized since Fiscal Year 2013. However, in 2020, the program was streamlined with standardized documents, lower fees, and a faster approval process. The revised program is still available to borrowers.

Direct Loan Programs

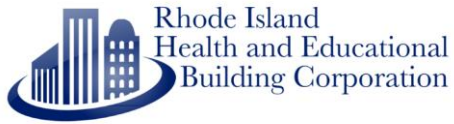
From time to time, RIHEBC makes loans to eligible institutions from its own reserves. These loan programs are described below.

Health and Education Loan Program (HELP)

RIHEBC's new program, HELP, is designed for eligible organizations with operating budgets of \$10 million or less who face challenges obtaining traditional financing from banks and credit unions. With competitive rates and terms of 3, 5, 7, and 10 years, HELP loans will range in size from \$25,000 to \$250,000 and are specifically designed to support organizations who have missions related to enhancing the lives of Rhode Islanders with health and well-being programs, and cultural and educational programs.

Emergency Loan

This program was established in March of 2020 in response to the COVID-19 pandemic. Its purpose is to assist eligible RIHEBC borrowers in the payment of debt service on RIHEBC bonds. The program's intention is to financially bridge the borrower to a more stable time. The maximum loan size is \$250,000 and the loan repayment terms were to be determined on a case-by-case



basis. Since the program's inception, RIHEBC made one emergency loan in the amount of \$151,000.

Grant Program

The RIHEBC Board can, at its discretion, authorize designating a portion of its reserves to make grants to eligible institutions. These grant programs are competitive and are funded when the grantee submits the required funding paperwork. The Fiscal Year 2021 Project Grant Program awarded \$516,946 in grants to seven institutions. At the end of Fiscal Year 2023, two of these institutions had not completed their projects leaving \$144,693 in unfunded grants.

The Fiscal Year 2022 Capital Grant Program awarded \$1,050,902 to twelve institutions. At the end of Fiscal Year 2023, four of these institutions had not completed their projects, leaving \$200,615 in unfunded grants.

State Aid for Public School Projects

As Rhode Island's premier issuer of tax-exempt bonds for public school projects, RIHEBC serves as a partner to the Rhode Island Department of Education (RIDE) by administering three state aid programs: School Housing Aid, School Building Authority Capital Fund, and State Bond Pay-Go grants. To be eligible for any of these components of state aid, school districts and their host municipalities must complete the School Building Authority's (SBA) necessity of school construction approval process.

School Housing Aid

School districts within the State that receive SBA approval and complete school projects for repair, renovation or new construction are eligible for state housing aid, which consists of reimbursement of RIHEBC-issued bond debt service once the project is complete. The rate at which the school district is reimbursed for debt service is determined by the State. The State makes an annual appropriation for school housing aid, which is transferred to RIHEBC twice per year. These funds are held in a custody account at US Bank.

In fiscal year 2023, RIHEBC administered \$65.8 million in school housing aid to 33 communities and 7 charter schools.



School Building Authority Capital Fund

The SBA Capital Fund provides “pay-as-you-go” state funding for approved projects to address high-priority needs. Communities compete to receive this funding, and it is distributed as work is being done, with the school districts submitting invoices to RIDE. The state makes an annual appropriation for the SBA Capital Fund, which is transferred to RIHEBC at the beginning of the fiscal year. These funds are held in a custody account at US Bank.

In fiscal year 2023, RIHEBC distributed \$10.8 million in total capital fund grants to a broad range of communities and charter schools.

State Bond Pay-Go Grants

In fiscal year 2019, RIHEBC began administering the state’s “Pay-Go” grant program. Funded by state general obligation bonds, Pay-Go grants are made to communities for SBA-approved projects. The Pay-Go funds go into the project at the beginning, thereby reducing the amount of project costs that need to be permanently financed. These funds are transferred to RIHEBC on an as-needed basis and are held in a custody account at US Bank.

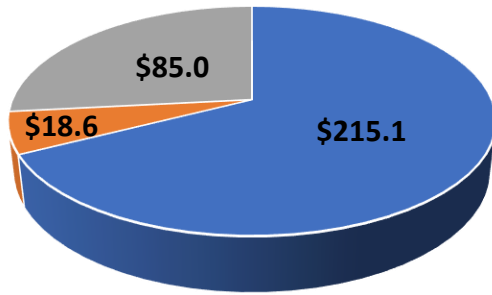
In fiscal year 2023, RIHEBC distributed \$79.9 million in Pay-Go grants to 13 communities and 3 charter schools.

BONDS ISSUED IN FISCAL YEAR 2023

The Corporation issued \$318.7 million in 7 separate bond issues during fiscal year 2023. Of that amount, approximately \$316.0 million was issued to finance various capital projects for one community, three higher educational institutions, and three charter schools. Refunding bonds totaled \$2.7 million. This bond issue was undertaken for purposes of restructuring the institution’s debt.

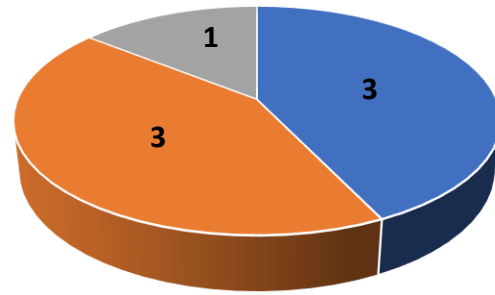
The following charts break down the Corporation’s fiscal year 2023 financings by borrower category, use of proceeds and type of bond sale.

BY DOLLAR AMOUNT



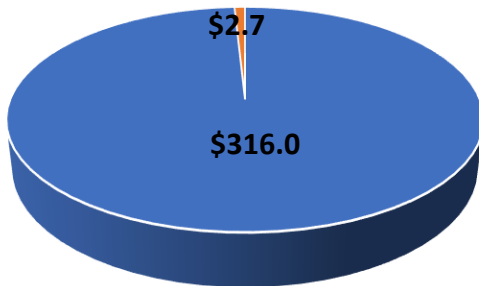
■ HIGHER EDUCATION ■ CHARTER SCHOOL ■ PUBLIC SCHOOL

BY NUMBER OF ISSUES



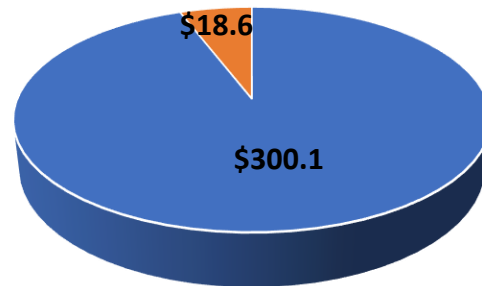
■ HIGHER EDUCATION ■ CHARTER SCHOOLS ■ PUBLIC SCHOOLS

BY USE OF PROCEEDS



■ NEW MONEY ■ REFUNDING

BY TYPE OF SALE



■ PUBLIC OFFERING ■ PRIVATE PLACEMENT