

THE BOND BUYER

Rhode Island bond sale to fund new East Providence High School

By

Paul Burton

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The Rhode Island Health and Educational Building Corp. intends to issue \$127.1 million next week to pay for the construction of East Providence High School.

Oppenheimer & Co. is senior managing underwriter for the negotiated sale of the tax-exempt bonds, labeled social bonds.

According to documents, the bonds are intended as social under the International Capital Market Association's social bond principles and United Nations sustainable development goals. No independent verification or ongoing reporting is planned for the social bonds designation.



East Providence Mayor Bob DaSilva, left, and state General Treasurer Seth Magaziner tour the high school construction site. City of East Providence, RI

The city's full faith and credit pledge secures the new-money debt and its GO debt outstanding. Maturities will run through 2041.

State General Treasurer Seth Magaziner recently called the new school a pillar of the state's [school construction program](#) for which state voters in 2018 approved a \$250 million bond.

East Providence voters that year approved the new high school.

S&P Global Ratings, which rates the bonds AA, said the city has been preparing for the increased debt service over the last few years by building in consistent increases to debt service costs despite costs being less than budgeted.

East Providence estimates that it has built up an additional \$5 million in debt service flexibility, and should be able to absorb the increased debt service without a major interruption to operations.

“We also note the city's minimum state share ratio is 54.4%, although it may be eligible for higher reimbursement — up to 74% from the state — as the building is finished, and the state completes its review of the project.

Bob DaSilva, mayor of the 47,000-population city, called the school “the most technologically state of the art new high school in Rhode Island.”

The new building will feature 45 core academics classrooms, 10 science labs, two greenhouses, a library media resource center, and performing arts and music spaces, including a 900-seat auditorium. Construction went uninterrupted during the COVID-19 pandemic.

During construction, the city issued bond anticipation notes of \$78 million and \$40 million for cash-flow purposes.

It also financed \$24 million with a direct loan last November at below-market interest for 20 years for the energy and green components. In addition, the state provided \$16.1 million in pay-as-you-go funds.

Co-managers are Drexel Hamilton LLC; Estrada Hinojosa; Mesirow Financial Inc.; Roosevelt & Cross Inc.; and Wells Fargo Securities.

[Paul Burton](#)

Northeast Regional Editor, The Bond Buyer