

THE BOND BUYER

Rhode Island Infrastructure Bank to sell drinking water bonds

By

Paul Barton

Published

June 11 2019, 11:40am EDT

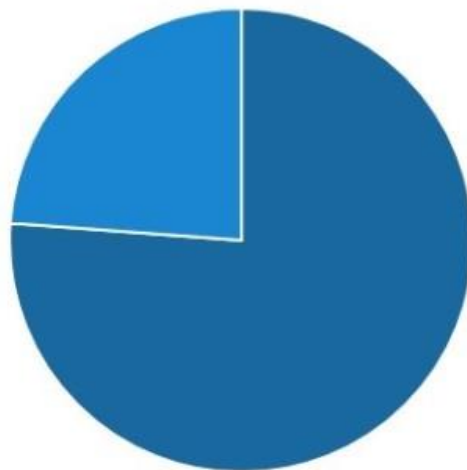
Rhode Island Infrastructure Bank has a \$42.3 million negotiated sale of fixed-rate safe drinking water bonds on tap Wednesday.

Raymond James is lead manager.

The sale will feature \$32.2 million of safe drinking water revolving fund Series 2019A tax-exempt bonds to fund approved projects for the Portsmouth Water & Fire District, the Providence Water Supply Board, and the City of Woonsocket.

Rhode Island safe drinking water bond sale

- Tax-exempt green bonds, \$32.2M
- Taxable refunding bonds, \$10.1M



Source: Rhode Island Infrastructure Bank

Maturities will run through 2039, with the 20-year final maturity to match borrower loans.

A \$10.1 million taxable Series B tranche will refund all outstanding maturities of the Series 2005A and Series 2008A bonds. Maturities will run through 2029. The taxable nature results from the bank retaining the earnings on associated guaranteed investment contracts.

Closing is scheduled for June 27.

Clean water is an emerging priority for municipal issuers, according to [Bob Bennett](#), former chief innovation officer for Kansas City, Missouri.

“Every city right now is struggling with water infrastructure, either how to have it upgraded or to keep it at the level where the [Environmental Protection Agency] will accept it as functional for the citizens,” Bennett said at the Smart Cities NYC conference.

The revolving fund provides financial assistance to public and private drinking water suppliers. Borrowers pay a below-market interest cost, roughly three-fourths of the stated interest rate, which for each borrower hinges upon Municipal Market Data for the borrower’s credit-rating level.

S&P Global Ratings and Fitch Ratings rate the bonds AAA.

They cited as credit strengths a 19-year history of program management with no borrower defaults. Pledged borrower loans secured by the revenues are derived from the operation of the drinking water system of the borrower or the general obligation of the underlying municipalities.

They also referenced a security package that includes additional bonds tests, a step-up provision and cross-investment between programs.

Through Dec. 31, 2018, the bank has originated drinking water-related loans totaling about \$490 million.

The bank's predecessor organization, Rhode Island Clean Water Finance Agency, began in 1989. The state expanded its mission in 2013 to include the Municipal Road and Bridge Fund and the Efficient Buildings Fund.

The bank has issued \$2.1 billion in financing overall.

Hilltop Securities Inc. is municipal advisor. Nixon Peabody LLP is bond counsel. Shechtman Halperin Savage LLP is the underwriters counsel and Harrington & Vitale Ltd. is disclosure counsel.

The bank has scheduled its third annual infrastructure summit for Sept. 26 at the Rhode Island Convention Center in Providence.