

CHAPTER 2021-12

**No. 181 AN ORDINANCE SUPPLEMENTING ORDINANCE CHAPTER 2018-45
AND APPROVING THE ISSUANCE OF NOT TO EXCEED \$100,690,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES
OF INDEBTEDNESS TO FUND THE CITY'S SCHOOL CAPITAL
IMPROVEMENTS PLAN**

Approved April 19, 2021

Be it ordained by the City of Providence:

WHEREAS, The City of Providence (the "City") intends to fund the school capital improvements plan for the Fiscal Years 2019-2024 (the "Projects") and to finance the Projects through the issuance of bonds pursuant to Ordinance Chapter 2018-45 adopted by the City Council effective August 8, 2018 and approved by the voters of the City at the election of November 6, 2018 (the "2018 Ordinance"); and

WHEREAS, The timing is such that the capital improvements plan originally contemplated for Fiscal Years 2019- 2024 is now being finalized and implemented and the full financing need at this time is \$100,690,000 for the projects originally included in the capital improvements plan for Fiscal Years 2019 through 2024; and

WHEREAS, The estimated cost of the Projects is \$160,000,000, however, the City expects to use up to \$59,305,654 in grants or other "financial assistance" as defined in Section 45-38.2-1(6), from the School Building Authority Capital Fund under chapter 38.2 of chapter 45 of the general laws for such Projects and accordingly, pursuant to Section 4 of the 2018 Ordinance, the amount of borrowing authorized pursuant to the 2018 Ordinance must be reduced by the amount of any grant received by the City from the School Building Authority Capital Fund; and

WHEREAS, As required by Section 4 of the 2018 Ordinance, the City has received a letter from the Rhode Island Department of Education ("RIDE") confirming that the current state School housing aid reimbursement rate under chapter 7 of title 16, as amended from time to time, or financial assistance from the School Building Authority Capital Fund, or pursuant to any other law hereafter enacted providing for funds to municipalities for school housing purposes, is not less than seventy five percent (75%) of debt service for those expenditures which are eligible for state aid; and

WHEREAS, As required by Section 14 of the 2018 Ordinance, the City administration has submitted a spending plan for the proceeds of the Bonds to the City Council. The projects have been reviewed and approved by RIDE; and

WHEREAS, As required by Section 15 of the 2018 Ordinance, this Ordinance and its accompanying material are submitted by the City administration for review and approval; and

WHEREAS, The period of usefulness of the Projects is expected to be approximately thirty (30) years; and

WHEREAS, The net general obligation debt of the City (secured by the full faith and credit and taxing power of the City) after the issuance of the Bonds is expected to be \$149,740,510 and the Bonds will be within all debt and other limitations prescribed by the Constitution and laws of the State of Rhode Island.

NOW, THEREFORE, Be it ordained by the City of Providence:

SECTION 1. Pursuant to Rhode Island General Laws § 45-12-2, Section 807(e) of the Providence Home Rule Charter, a vote of the City electorate on November 6, 2018 and the 2018 Ordinance, the City Treasurer and the Mayor are authorized to issue general obligation bonds of the City in an amount not to exceed \$100,690,000 (the "Bonds") in order to meet the appropriation set forth in the 2018 Ordinance.

SECTION 2. The manner of sale, forms, amount, denominations, maturities, conversion or registration privileges, interest rates, and other conditions and details of the Bonds authorized herein shall be fixed by the said officers. The City may enter into a financing and/or other agreements with the Rhode Island Health and Educational Building Corporation pursuant to Title 45, Chapter 38.1 of the General Laws.

SECTION 3. To fund the capital improvements plan originally contemplated for Fiscal Years 2019- 2024 in the 2018 Ordinance as modified and supplemented herein, the City Council hereby authorizes the City Treasurer and the Mayor, acting on behalf of the City, to issue the Bonds for the purposes set forth herein and to take all actions as they deem necessary to effect the issuance of the Bonds. The Bonds shall be issued by the City under its corporate name and seal or a facsimile of such seal. The Bonds and Notes shall be signed by the manual or facsimile signature of the City Treasurer and the Mayor.

SECTION 4. The City Treasurer and the Mayor are hereby authorized to issue the Bonds and Notes and deliver them to the purchaser and said officers are hereby authorized and instructed to take all actions, on behalf of the City, necessary to ensure that interest on the Bonds and Notes will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds and Notes to become subject to federal income taxes.

SECTION 5. The Bonds may be issued either alone or consolidated with other issues of notes or bonds of the City.

SECTION 6. The City's Finance Director is authorized to execute and deliver continuing disclosure certificates in connection with the Bonds issued by the City, in such form as shall be deemed advisable by the City's Finance Director. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of each continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this ordinance or the Bonds or Notes, failure of the City to comply with any continuing disclosure certificate shall not be considered an event of default; however, any bondholder or noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this ordinance and under any continuing disclosure certificate.

SECTION 7. The Treasurer and the Mayor are also authorized, empowered and directed, on behalf of the City, to: (i) execute, acknowledge and deliver any and all other documents, certificates or instruments necessary to effectuate such borrowing, including, without limitation, a Preliminary Official Statement, a final Official Statement, all in such form and with such provisions as such officer shall deem advisable; (ii) amend, modify or supplement the bonds or notes and any and all other documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this ordinance in order to effectuate said borrowing and the intent hereof.

SECTION 8. The 2018 Ordinance contained the City's declaration of official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse the City's General Fund for certain capital expenditures for the Projects paid on or after the date which is sixty (60) days prior to the date of the 2018 Ordinance, but prior to the issuance of the Bonds and the City hereby reaffirms that declaration.

SECTION 9. This ordinance shall take effect upon its approval by the Mayor after its passage.

IN CITY COUNCIL
APR 8 2021
FIRST READING
READ AND PASSED
Tina L. Mastrosini
CLERK
ACTING

I HEREBY APPROVE

[Signature]
Mayor
Date: *4/19/21*

IN CITY COUNCIL
APR 15 2021
FINAL READING
READ AND PASSED: *As Amended*
[Signature]
PRESIDENT
[Signature]
CLERK

School Capital Plan Project List

Phase I									
School	Amount	Priority Area	MEP Maintenance	Structural Repairs	Building Envelope Improvements	Fire Code Improvements	Secure & Accessible Entrances	High Impact Visual Enhancements	Student Centric Innovations
Windmill*	\$30,500,000	Swing Space							
Greene	\$4,726,562	Middle Schools		\$1,456,674	\$2,222,436		\$141,656	\$905,796	
Lima	\$1,686,065	Urgent Needs			\$1,686,065				
West Broadway	\$3,295,428	Middle Schools	\$600,228	\$1,116,302			\$857,184	\$450,313	\$271,401
Williams	\$5,219,352	Middle Schools		\$714,018	\$2,200,036				\$2,305,298
Hopkins	\$3,528,605	Middle Schools		\$258,395	\$1,639,806	\$1,630,404			
Mt Pleasant	\$14,003,927	Structural Issues		\$1,423,896	\$8,984,175	\$3,595,856			
Webster	\$2,252,050	Student Centric		\$323,438	\$778,082		\$1,150,530		
Kizirian	\$3,865,071	Student Centric		\$466,748	\$1,800,504	\$310,308	\$400,939		\$886,572
Fortes	\$2,406,630	Urgent Needs & Pre-K		\$673,545				\$1,733,085	
Feinstein @ Broad	\$2,350,649	Student Centric		\$221,402	\$1,098,841	\$323,596	\$451,937	\$254,873	
Classical	\$25,250,908	Urgent Needs	\$12,045,989	\$256,308	\$6,537,296	\$2,539,211	\$26,573	\$221,955	\$3,623,576
Pleasant View	\$12,380,548	Urgent Needs	\$3,521,822	\$136,605	\$3,602,346	\$2,153,352			\$2,966,423
Hope	\$8,437,704	Fire Code		\$3,452,157		\$4,985,547			
Spaziano	\$3,543,078	Prek to 8		\$387,455	\$875,526		\$1,080,329		\$1,199,768
Spaziano Annex*	\$20,500,000	Prek to 8							
Carnevale	\$511,659	Urgent Needs		\$272,207		\$239,452			
Veazle	\$1,534,580	Fire Code		\$192,873		\$1,341,707			
Fogarty	\$1,042,813	Fire Code		\$142,703		\$900,110			
Young & Woods	\$387,376	Urgent Needs		\$158,351		\$229,025			
JSEC	\$512,099	Urgent Needs		\$194,806		\$317,293			
Bailey	\$564,437	Urgent Needs		\$93,502		\$470,935			
Messer	\$3,091,666	Urgent Needs		\$115,470	\$2,724,632	\$251,564			
Alvarez	\$2,994,361	Urgent Needs		\$279,086	\$2,584,601	\$130,674			
Kennedy	\$2,737,947	Urgent Needs		\$164,038	\$1,216,597	\$1,357,312			
D'Abate	\$2,203,880	Urgent Needs		\$138,362	\$2,065,518				
Reservoir Ave	\$472,605	Fire Code		\$80,679		\$391,926			
TOTAL	\$160,000,000								

*Work will span across all seven categories but a breakdown is not available at this time.

School Capital Plan Project List

Phase II									
School	Amount	Priority Area	MEP Maintenance	Structural Repairs	Building Envelope Improvements	Fire Code Improvements	Secure & Accessible Entrances	High Impact Visual Enhancements	Student Centric Innovations
21. Peace Street *	\$75,000,000	Pre-K to 8 Facility							
Feinstein at Sackett	\$6,110,655	Student Centric	\$603,999	\$208,403	\$1,138,285	\$1,084,815	\$1,025,703	\$205,403	\$1,844,057
King	\$8,677,209	Student Centric	\$4,859,136	\$194,815		\$2,188,733	\$412,382		\$1,022,143
Gregorian	\$5,149,387	Student Centric	\$1,714,048	\$814,962		\$649,626	\$804,887		\$1,165,864
Stuart	\$9,380,445	Middle Schools	\$6,142,346	\$571,105			\$767,603	\$1,899,391	
Lima	\$1,283,985	Urgent Needs		\$499,659		\$784,316			
Fortes	\$1,329,298	Student Centric		\$104,959		\$178,961	\$185,079	\$316,158	\$544,141
Carl Lauro *	\$34,000,000	Pre-K to 8							
TOTAL	\$140,930,979								

*Work will span across all seven categories but a breakdown is not available at this time.



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Adam S. Krea
Managing Director

adam.krea@hilltopsecurities.com

To: Chief Financial Officer Lawrence J. Mancini
Senior Deputy Chief Operating Officer Jordan Day

From: Adam S. Krea, Managing Director, HilltopSecurities

Cc: Maureen E. Gurghigian, Managing Director, HilltopSecurities

Date: March 10, 2021

RE: **Initial \$160,000,000 of School Construction Projects**

In response to our continuing discussions on the initial \$160,000,000 of school construction projects, please find below the calculations of State Pay-Go contributions, Providence Pay-Go contributions and the net projected bond sizing of \$100,690,000 based on the City receiving the minimum Housing Aid reimbursement of 82.4865%.

Pay-Go Breakdown Using Minimum Approved 82% from the State		
Pay-Go from State	\$ 48,919,158	82.4865%
Required Pay-Go from City	10,386,496	17.5135%
Total Pay-Go	\$ 59,305,654	

Maximum Bond Amount Calculation		
Total Project Cost	\$ 160,000,000	
Eligible for Housing Aid	160,000,000	(Amount set by RIDE)
Pay-Go Component	59,305,654	(Total State + City)
Max Bond Amt Eligible for Housing Aid	\$ 100,694,346	(\$160,000,000 - \$59,305,654)

In summary, the City proposes to issue no more than \$100,690,000 through the Rhode Island Health and Educational Building Corporation, which is projected to generate over \$10,386,496 in bond premium in the current market, which will provide the City with the pay-go funds required as match in order to drawdown the \$48,919,158 of State pay-go. The sum of these three sources will provide the City with \$160,000,000 for the initial phase of school construction projects.



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To: Chief Financial Officer Lawrence J. Mancini
From: Adam S. Krea, Managing Director, HilltopSecurities
Cc: Maureen E. Gurghigian, Managing Director, HilltopSecurities
Date: March 31, 2021
RE: **Initial \$160,000,000 of School Construction Projects**

Projected Costs for Bonding:

Cost of Issuance Projection:

Bond Counsel	\$ 50,000.00
City Financial Advisor	75,000.00
RIHEBC Counsel	15,000.00
RIHEBC Financial Advisor	75,000.00
Moody's Rating	73,500.00
Financial Printer	1,750.00
Trustee	2,500.00
Trustee's Counsel	1,000.00
SBA Fee	100,690.00
RIHEBC Admin Fee	2,500.00
	<u>\$ 396,940.00</u>

Underwriter, their Counsel & Expenses: \$ 346,400.00

TOTAL DELIVERY DATE EXPENSES: **\$ 743,340.00**
Fees as a Percent of Par: 0.74%

Bond Projections:

Projected True Interest Cost (TIC): 2.60%

FY 2024 through FY 2041 debt service: \$1,580,000 (the City's 18% share)

Total projected cost over the life of the issue: \$26,640,000