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PFA Approves First "Rebuild USVI" Contracts, Greenlights \$100 Million Bond Issuance For Frenchman's Reef

The approved \$40 million contract initiates the rebuilding of public schools in St. Thomas, marking the first phase of the billion-dollar Rebuild USVI program, while a \$100 million bond issuance supports the redevelopment of Frenchman's Reef

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The Ivanna Eudora Kean High School is one of several schools in St. Thomas set to undergo major reconstruction as part of the Rebuild USVI program.

The V.I. Public Finance Authority has approved the first contract under the RebuildUSVI program, for public schools on St. Thomas. Board members also approved the extension of a

longstanding contract with a local accounting firm, and the issuance of bonds up to \$100 million in total, as part of a previously agreed development deal for the Frenchman's Reef hotel property.

In June, a request for proposals was sent out for the rebuilding of healthcare facilities on St. Croix, as well as several schools on St. Thomas. "The projects in that bundle included the Lockhart Elementary School, Ivanna Eudora Keane High School, Jane Tuitt Elementary School, [Yvonne E. Milliner] Bowsky Elementary School...[E. Benjamin Oliver] EBO Elementary School and the St. Thomas Administrative Center," noted Adrienne Williams-Octalien, director of the Office of Disaster Recovery.

There were two respondents to the RFP for the St. Thomas schools, the Consilgi-Benton joint venture, as well as the Suffolk-CBNA joint venture. Of the two proposals, the one from Suffolk-CBNA, which was accepted, "included a comprehensive construction strategy that spoke about the project sites," along with contemplating a truly inclusive project team with all stakeholders represented. According to Ms. Williams-Octalien, the strategy being employed will "allow us to get work moving on the project as quickly as possible."

Board members were asked to approve a one-year contract for \$39.99 million for the first phase of the reconstruction project. "Once this process is complete, then we will come back to the board for an update on what the work that was done, and then move into the next phase of the project, while we continuously refine the cost," said the ODR director. The initial funds will go towards "all the pre-construction work that includes some design and project planning, permitting, all the things that you do prior to getting the project started." Altogether, the multi-year project is expected to cost in the region of \$1 billion.

Concerns over the management of these huge undertakings were addressed by Ms. Williams-Octalien, who admitted that other programs, such as EnVIsion, "suffered from a lot of things that actually included management." However, with Rebuild USVI, "our approach right now to these bundles is well structured," she assured, saying that gaps have been identified, and she highlighted the support that CH2M Hill is expected to provide in that regard. The contract award was ultimately approved.

With regards to the bond issuance, "this transaction...actually started back in 2022," noted Nathan Simmonds, director of Finance and Administration at the PFA. He explained that following the approval of the development agreement for the reconstruction of that property, which is now a Westin and a Buoy House Autograph Collection property, the PFA board approved the issuance of approximately \$60 million in bonds. "The developer did not proceed with the transaction back then," Mr. Simmonds said. Instead, the development note was serviced via a trust fund, into which economic development fees and hotel occupancy taxes were directed.

"Now the developer is saying that they want to move forward with the bond transaction," Mr. Simmonds said.

Bond counsel Roger Bagley, a partner with Hawkins, Delafield & Wood, said that two bonds would be issued, totalling up to \$75 million and \$25 million respectively. "One will be tax exempt, backed by hotel occupancy tax. The other will be taxable, backed by [the] recovery fee," he explained. Debt service payments would be made at the beginning of April and October each year, with the bonds maturing on April 1, 2053.

PFA board members unanimously approved the motion. They also unanimously approved a 3-year extension to a contract for accounting services with local firm Benham & Hodge, which the PFA has been working with for the past decade. The contract approved by the PFA includes a fee of

\$75,000 per year for accounting services, as well as \$130,000 for additional services including conducting or assisting with audits.

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