

2011 -- H 5488

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

AUTHORIZING THE CITY OF CENTRAL FALLS TO PROVIDE FOR THE RENOVATION, REHABILITATION, REPLACEMENT, IMPROVEMENT, AND EQUIPPING OF PUBLIC SCHOOL BUILDINGS AND SCHOOL FACILITIES IN THE CITY OF CENTRAL FALLS AND AUTHORIZING THE FINANCING THEREOF, INCLUDING THE ISSUE OF NOT MORE THAN \$15,500,000 BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

Introduced By: Representatives Silva, and McLaughlin

Date Introduced: March 02, 2011

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Central Falls is hereby authorized, in addition to authority
2 previously granted, to issue bonds and other evidences of indebtedness up to an amount not
3 exceeding fifteen million five hundred thousand dollars (\$15,500,000) from time to time under its
4 corporate name and seal or a facsimile of such. The bonds of each issue may be issued in the form
5 of serial bonds or term bonds or a combination thereof and shall be payable either by maturity of
6 principal in the case of serial bonds or by mandatory sinking fund installments in the case of term
7 bonds, in annual installments of principal, the first installment to be not later than three (3) years
8 and the last installment not later than thirty (30) years after the date of the bonds.

9 SECTION 2. The bonds shall be signed by the city director of finance and by the manual
10 or facsimile signature of the mayor and be issued and sold in such amounts as the city council
11 may determine. The manner of sale, denominations, maturities, interest rates and other terms,
12 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings
13 of the city council authorizing the issue or by separate resolution of the city council or, to the
14 extent provisions for these matters are not so made, they may be fixed by the officers authorized
15 to sign the bonds or notes. Notwithstanding anything contained in this act to the contrary, the city
16 may enter into financing agreements with the Rhode Island Health and Educational Building

1 Corporation pursuant to title 16 chapter 7 and title 45 chapter 38.1 of the general laws and, with
2 respect to notes or bonds issued in connection with such financing agreements, if any, the city
3 may elect to have the provisions of title 45, chapter 38.1 of the general laws apply to the issuance
4 of the bonds or notes issued hereunder to the extent the provisions of title 45, chapter 38.1 of the
5 general laws are inconsistent herewith. Such election may be fixed by the proceedings of the city
6 council authorizing such issuance or by separate resolution of the city council, or, to the extent
7 provisions for these matters are not so made, they may be fixed by the officers authorized to sign
8 the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the city
9 director of finance, and such proceeds exclusive of premiums and accrued interest shall be
10 expended: (a) for the renovation, rehabilitation, replacement, improvement, and equipping of
11 public school buildings and school facilities in the city of Central Falls (the "project"); (b) in
12 payment of the principal of or interest on temporary notes issued under section 3; (c) in
13 repayment of advances under section 4; (d) in payment of related costs of issuance of any bonds
14 or notes; and/or (e) in payment of capitalized interest during construction of the project. No
15 purchaser of any bonds or notes under this act shall be in any way responsible for the proper
16 application of the proceeds derived from the sale thereof. The proceeds of bonds or notes issued
17 under this act, any applicable federal or state assistance and the other monies referred to in
18 sections 6 and 9 shall be deemed appropriated for the purposes of this act without further action
19 than that required by this act.

20 SECTION 3. The city council may by resolution authorize the issuance from time to time
21 of interest bearing or discounted notes in anticipation of the issue of bonds under section 2 or in
22 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
23 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
24 issued under this act and the amount of original notes issued in anticipation of federal or state aid
25 may not exceed the amount of available federal or state aid as estimated by the city director of
26 finance. Temporary notes issued hereunder shall be signed by the city treasurer and by the mayor
27 and shall be payable within five (5) years from their respective dates, but the principal of and
28 interest on notes issued for a shorter period may be renewed or paid from time to time by the
29 issue of other notes hereunder, provided the period from the date of an original note to the
30 maturity of any note issued to renew or pay the same debt or the interest thereon shall not exceed
31 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be
32 refunded prior to the maturity of the notes by the issuance of additional temporary notes, provided
33 that no such refunding shall result in any amount of such temporary notes outstanding at any one
34 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under

1 this act, and provided further that if the issuance of any such refunding notes results in any
2 amount of such temporary notes outstanding at any one time in excess of the amount of bonds
3 which may be issued under this act, the proceeds of such refunding notes shall be deposited in a
4 separate fund established with the bank which is paying agent for the notes being refunded.

5 Pending their use to pay the notes being refunded, moneys in the fund shall be invested
6 for the benefit of the city by the paying agent at the direction of the city director of finance in any
7 investment permitted under section 5. The moneys in the fund and any investments held as a part
8 of the fund shall be held in trust and shall be applied by the paying agent solely to the payment or
9 prepayment of the principal of and interest on the notes being refunded. Upon payment of all
10 principal of and interest on the notes any excess moneys in the fund shall be distributed to the
11 city. The city may pay the principal of and interest on the notes in full from other than the
12 issuance of refunding notes prior to the issuance of bonds pursuant to Section 1 hereof. In such
13 case, the city's authority to issue bonds or notes in anticipation of the bonds under this act shall
14 continue provided that: (1) the city council passes a resolution evidencing the city's intent to pay
15 off the notes without extinguishing the authority to issue bonds or notes; and (2) that the period
16 from the date of an original note to the maturity date of any other note shall not exceed five (5)
17 years.

18 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
19 of any authorization or issue of notes hereunder, the city director of finance, with the approval of
20 the city council may, to the extent that bonds or notes may be issued hereunder, apply funds in the
21 general treasury of the city to the purposes specified in section 2, such advances to be repaid
22 without interest from the proceeds of bonds or notes subsequently issued or from the proceeds of
23 applicable federal or state assistance or from other available funds.

24 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
25 federal or state assistance, pending their expenditure may be deposited or invested by the city
26 director of finance, in demand deposits, time deposits or savings deposits in banks which are
27 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by
28 the United States of America or by any agency or instrumentality thereof or as may be provided
29 in any other applicable law of the state of Rhode Island.

30 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
31 shall be applied to the payment of the first interest due thereon. Any premiums arising from the
32 sale of bonds or notes hereunder and, to the extent permitted by applicable federal laws, any net
33 earnings or profits realized from the deposit or investment of funds hereunder shall be applied to
34 the cost of preparing, issuing, and marketing bonds or notes hereunder to the payment of the cost

1 of the project. The cost of preparing, issuing, and marketing bonds or notes hereunder may also,
2 in the discretion of the city director of finance, be met from the bond or note proceeds exclusive
3 of premium and accrued interest or from other monies available therefor. In exercising any
4 discretion under this section, the city treasurer shall be governed by any instructions adopted by
5 resolution of the city council.

6 SECTION 7. All bonds and notes issued under this act and the debt evidenced hereby
7 shall be obligatory on the city in the same manner and to the same extent as other debts lawfully
8 contracted by it and shall be excepted from the operation of section 45-12-2 of the general laws.

9 No such obligation shall at any time be included in the debt of the city for the purpose of
10 ascertaining its borrowing capacity. The city shall annually appropriate a sum sufficient to pay
11 the principal and interest coming due within the year on bonds and notes issued hereunder to the
12 extent that monies therefor are not otherwise provided. If such sum is not appropriated, it shall
13 nevertheless be added to the annual tax levy. In order to provide such sum in each year and not
14 withstanding any provision of law to the contrary, all taxable property in the city shall be subject
15 to ad valorem taxation by the city without limitation as to rate or amount.

16 SECTION 8. Any bonds or notes issued under the provisions of this act, if properly
17 executed by the officers of the city in office on the date of execution, shall be valid and binding
18 according to their terms notwithstanding that before the delivery thereof and payment therefor
19 any or all such officers shall for any reason have ceased to hold office.

20 SECTION 9. The city, acting by resolution of its city council is authorized to apply for,
21 contract for and expend any federal or state advances or other grants of assistance which may be
22 available for the purposes of this act, and any such expenditures may be in addition to other
23 monies provided in this act. To the extent of any inconsistency between any law of this state and
24 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
25 interest where applicable, whether contracted for prior to or after the effective date of this act,
26 may be repaid as a cost of the project under section 2.

27 SECTION 10. Bonds and notes may be issued under this act without obtaining the
28 approval of any governmental agency or the taking of any proceedings or the happening of any
29 conditions except as specifically required by this act for such issue. In carrying out any project
30 financed in whole or in part under this act, including where applicable the condemnation of any
31 land or interest in land, and in the levy and collection of assessments or other charges permitted
32 by law on account of any such project, all action shall be taken which is necessary to meet
33 constitutional requirements whether or not such action is otherwise required by statute, but the
34 validity of bonds and notes issued hereunder shall in no way depend upon the validity or

1 occurrence of such actions.

2 SECTION 11. The city treasurer and the mayor, on behalf of the city are hereby
3 authorized to execute such instruments, documents or other papers as either of the foregoing
4 deem necessary or desirable to carry out the intent of this act and are also authorized to take all
5 actions and execute all documents necessary to comply with federal tax and securities laws,
6 which documents or agreements may have a term coextensive with the maturity of the bonds
7 authorized hereby, including Rule 15c2-12 of the Securities and Exchange Commission (the
8 Rule) and to execute and deliver a continuing disclosure agreement or certificate in connection
9 with the bonds or notes in the form as shall be deemed advisable by such officers in order to
10 comply with the Rule.

11 SECTION 12. All or any portion of the authorized but unissued authority to issue bonds
12 and notes under this act may be extinguished by resolution of the city council, without further
13 action by the general assembly, seven (7) years after the effective date of this act.

14 SECTION 13. The question of the approval of this act shall be submitted to the board of
15 regents for elementary and secondary education and the board of trustees for the central falls
16 school district. Due to the dire circumstances in the school facilities, concerns for the health and
17 safety of students and staff in the immediate future, this act will not be subject to approval from
18 the electors of the city in conformity with the reserved powers of the general assembly pursuant
19 to Article XIII, Section 5 of the Constitution of the State of Rhode Island.

20 SECTION 14. Any bonds issued under this act will be eligible for school housing aid.

21 SECTION 15. School housing aid shall be paid to the Rhode Island Health and
22 Educational Building Corporation or its designee including, but not limited to, a trustee
23 under a bond indenture or loan and trust agreement, in support of bonds issued for specific
24 projects of the local community pursuant to section 16-7-41(c) of chapter 7 of title 16 of the
25 general laws.

26 SECTION 16. This act shall constitute an enabling act of the general assembly that is
27 required pursuant to section 16-7-44 of chapter 7 of title 16 of the general laws.

28 SECTION 17. During such time as a budget commission or receiver has been appointed
29 for the city pursuant to chapter 9 of title 45 of the general laws, any actions to be taken by the
30 mayor and the city council shall be performed by the budget commission or the receiver, as
31 appropriate.

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1 SECTION 18. Section 13 shall take effect upon passage of this act. The remainder of this
2 act shall take effect upon completion of the approvals set forth in Section 13.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF CENTRAL FALLS TO PROVIDE FOR THE RENOVATION, REHABILITATION, REPLACEMENT, IMPROVEMENT, AND EQUIPPING OF PUBLIC SCHOOL BUILDINGS AND SCHOOL FACILITIES IN THE CITY OF CENTRAL FALLS AND AUTHORIZING THE FINANCING THEREOF, INCLUDING THE ISSUE OF NOT MORE THAN \$15,500,000 BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

1 This act would authorize the City of Central Falls to finance the renovation,
2 rehabilitation, replacement, improvement, and equipping of public school buildings and school
3 facilities in the City of Central Falls by the issuance of not more than \$15,500,000 bonds therefor.

4 Section 13 shall take effect upon passage. The remainder of the act takes effect upon
5 completion of the approvals set forth in Section 13 and without further approval in conformity
6 with the reserved powers of the general assembly pursuant to Article XIII, Section 5 of the
7 Constitution of the State of Rhode Island.

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