

2022 -- H 7953

=====
LC005149
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

—————
A N A C T

RELATING TO TOWNS AND CITIES - HEALTH AND EDUCATIONAL BUILDING
CORPORATION

Introduced By: Representative Patricia A. Serpa

Date Introduced: March 07, 2022

Referred To: House Municipal Government & Housing

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-38.1-1, 45-38.1-3, 45-38.1-4, 45-38.1-5, 45-38.1-6, 45-38.1-7,
2 45-38.1-9 and 45-38.1-20 of the General Laws in Chapter 45-38.1 entitled "Health and Educational
3 Building Corporation" are hereby amended to read as follows:

4 **45-38.1-1. Declaration of policy.**

5 It is declared that for the benefit of the people of the state of Rhode Island, the increase of
6 their commerce, welfare, and prosperity and the improvement of their health and living conditions,
7 it is essential that this and future generations of youth be given the fullest opportunity to learn and
8 to develop their intellectual, physical and mental capacities; that it is essential that institutions for
9 higher education within the state be provided with appropriate additional means to assist youth in
10 achieving the required levels of learning and development of their intellectual, physical and mental
11 capacities; that is essential that municipalities within the state be provided with appropriate
12 additional means to improve the health, living conditions, and welfare of their residents with
13 expanded access to public educational or public recreational facilities; that it is essential that
14 healthcare providers within the state be provided with appropriate additional facilities; and that it
15 is the purpose of this chapter to provide a measure of assistance and an alternative method to enable
16 institutions for higher education in the state, municipalities in the state, child daycare providers
17 within the state and healthcare providers to provide the facilities and structures which are sorely
18 needed to accomplish the purposes of this chapter, and to provide a measure of assistance and an

1 alternative method to enable students and the families of students attending institutions for higher
2 education in the state to finance the cost or a portion of the cost of that higher education, all to the
3 public benefit and good, to the extent and manner provided in this chapter. It is further declared
4 that the exercise by the Rhode Island health and educational building corporation, created and
5 established under § 45-38.1-4, of the powers conferred on the corporation, under this chapter, will
6 constitute the performance of an essential governmental function.

7 **45-38.1-3. Definitions.**

8 As used in this chapter, the following words and terms have the following meaning unless
9 the context indicates another or different meaning or intent:

10 (1) "Bonds" means bonds of the corporation issued under the provisions of this chapter,
11 including refunding bonds, notwithstanding that the bonds may be secured by mortgage or the full
12 faith and credit of the corporation or the full faith and credit of a participating institution for higher
13 education [or of a participating municipality](#) or of a participating healthcare provider or any other
14 lawfully pledged security of a participating educational institution or child daycare center [or of a](#)
15 [participating municipality](#) or of a participating healthcare provider;

16 (2) "Borrower" means a student or a parent who has received or agreed to pay an education
17 loan;

18 (3) "Capital note(s)" means a note or notes of the corporation not exceeding twelve (12)
19 months in duration to maturity issued for the benefit of a healthcare provider or educational
20 institution [or municipality or child daycare center](#) to purchase capital assets to be used in the
21 operations of the healthcare provider or educational institution [or municipality or child daycare](#)
22 [center](#);

23 (4) "Child daycare center" means a child daycare center as defined in ~~§ 23-28.1-5~~ [§ 42-](#)
24 [12.5-2](#), which is a not-for-profit organization;

25 (5) "Cooperative hospital service organization" means a corporation created pursuant to
26 chapter 6 of title 7, which meets the requirements of Section 501(e) of the Internal Revenue Code
27 of 1954, 26 U.S.C. § 501(e), and is exempt from federal taxation of income in accordance with
28 Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3);

29 (6) "Corporation" means the Rhode Island health and educational building corporation
30 created and established as a nonbusiness corporation, under and pursuant to chapter 6 of title 7, as
31 amended, and constituted and established as a public body corporate and agency of the state under
32 § 45-38.1-4, or any board, body, commission, department, or officer succeeding to the principal
33 functions of the corporation or to whom the powers conferred upon the corporation by this chapter
34 are given by law;

1 (7) "Corporation loans" means loans by the corporation to an educational institution or
2 child daycare center for the purpose of funding education loans;

3 (8) "Cost" as applied to a project or any portion of it, financed under the provisions of this
4 chapter, embraces all or any part of the cost of construction and acquisition of all lands, structures,
5 real or personal property, rights, rights of way, franchises, easements, and interests acquired or used
6 for a project, the cost of demolishing or removing any buildings or structures on land so acquired,
7 including the cost of acquiring any lands to which the buildings or structures may be moved, the
8 cost of all machinery and equipment, financing charges, interest prior to, during and for a period
9 after completion of the construction, provisions for working capital, reserves for principal and
10 interest and for extensions, enlargements, additions, replacements, renovations and improvements,
11 cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates
12 of cost and of revenues, administrative expenses, expenses necessary or incident to determining the
13 feasibility or practicability of constructing the project, and other expenses that may be necessary or
14 incident to the construction and acquisition of the project, the financing of the construction and
15 acquisition, and the placing of the project in operation;

16 (9) "Default insurance" means insurance insuring education loans, corporation loans, or
17 bonds or notes of the corporation against default;

18 (10) "Default reserve fund" means a fund established pursuant to a resolution of the
19 corporation for the purpose of securing education loans, corporation loans, or bonds or notes of the
20 corporation;

21 (11) "Education loan" means a loan which is made by or on behalf of an educational
22 institution or child daycare center from the proceeds of a corporation loan, to a student or parents
23 of a student or both, to finance the student's attendance at the institution;

24 (12) "Education loan series portfolio" means all education loans made by or on behalf of a
25 specific educational institution or child daycare center which are funded from the proceeds of a
26 corporation loan to the institution out of the proceeds of a related specific bond or note issued
27 through the corporation;

28 (13) "Educational institution" means:

29 (i) An educational institution or local education authority participating in the school
30 housing aid program as described in chapter 7 of title 16 situated within this state which, by virtue
31 of law or charter, is a public or other nonprofit educational institution empowered to provide a
32 program of education at the primary, secondary or high school level, beyond the high school level,
33 and which is accredited by a nationally recognized educational accrediting agency or association
34 and awards a bachelor's or advance degree or provides a program of not less than two (2) years'

1 duration which is accepted for full credit toward a bachelor's degree;

2 (ii) Any nonprofit corporation, business corporation, limited liability company or
3 partnership or limited partnership the shareholders or members or partners or limited partners of
4 which are limited to those entities described in paragraph (13)(i) hereof; ~~or~~

5 (iii) Any nonprofit corporation, business corporation, limited liability company,
6 partnership or limited partnership which is a party to a public-private partnership agreement at least
7 one of the parties of which is described in paragraph 13(i) hereof;

8 (iv) Any museum in this state as defined by § 34-44.1-1 and which is a not-for-profit
9 organization; or

10 (v) Any performing arts center or theater that produces live on-stage musical, theatrical or
11 dance performances in this state for members of the public and which is a not-for-profit
12 organization.

13 (14) "Healthcare provider" means:

14 (i) Any nonprofit hospital incorporated under the laws of the state, including any nonprofit
15 subsidiary corporations formed by any hospital or formed by the parent corporation of the hospital;

16 (ii) Any nonprofit corporation, the member or members of which consist solely of one or
17 more hospitals or their parent corporations;

18 (iii) Any other hospital, which is licensed as a general hospital or maternity hospital
19 pursuant to chapter 17 of title 23, which is exempt from taxation;

20 (iv) Any nonprofit group health association;

21 (v) Any cooperative hospital service organization, or any nonprofit corporation that is
22 licensed as a skilled nursing and/or intermediate care facility pursuant to chapter 17 of title 23,
23 including any nonprofit subsidiary corporation formed by any of the foregoing skilled nursing
24 and/or intermediate care facilities, or any nonprofit corporation eligible to receive funding, pursuant
25 to chapter 8.5 of title 40.1, and/or a corporation created pursuant to chapter 6 of title 7; provided,
26 that it is a real estate holding corporation created for the benefit of a nonprofit corporation eligible
27 to receive funding under chapter 8.5 of title 40.1;

28 (vi) Any nonprofit healthcare corporation whose purpose is to provide home care services
29 or supplies to the citizens of this state including, but not limited to, nonprofit visiting nurse
30 associations and nonprofit home care organizations;

31 (vii) Any other not-for-profit corporation organized pursuant to chapter 6 of title 7 or
32 pursuant to any special act of the general assembly and which is exempt from federal taxation of
33 income in accordance with Section 501(c)(3), 26 U.S.C. § 501(c)(3), of the Internal Revenue Code
34 and which is licensed as:

- 1 (A) A healthcare facility pursuant to chapter 17 of title 23;
- 2 (B) A "facility" pursuant to chapter 24 of title 40.1;
- 3 (C) A "residential care and assisted living facility" pursuant to chapter 17.4 of title 23;
- 4 (D) An adult daycare facility; or
- 5 (E) A "clinical laboratory" pursuant to chapter 23-16.2 and as a manufacturer of biological
- 6 products by the United States Department of Health and Human Services Food and Drug
- 7 Administration that operates in Rhode Island;
- 8 (viii) Any not-for-profit corporation which is exempt from federal taxation of income in
- 9 accordance with Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3), or any
- 10 successor section of the Internal Revenue Code, which under contract with the state educates,
- 11 counsels or rehabilitates young people who have come subject to child welfare, juvenile justice or
- 12 mental health systems in the state; or
- 13 (ix) Any network or similar arrangement of those entities listed in subsection (i) through
- 14 (viii) above;
- 15 (x)(A) Any nonprofit corporation, business corporation, limited liability company,
- 16 partnership or limited partnership, the shareholders or members or partners or limited partners of
- 17 which are limited to those entities described in paragraph (14)(i) through (ix) hereof; or
- 18 (B) Any nonprofit corporation, business corporation, limited liability company, partnership
- 19 or limited partnership which is a party to a public-private partnership agreement at least one of the
- 20 parties of which is described in paragraph (14)(i) through (ix) hereof;
- 21 (xii) Any not-for-profit corporation organized pursuant to chapter 6 of title 7 or pursuant
- 22 to any special act of the general assembly, which is exempt from federal taxation of income in
- 23 accordance with Section 501(c)(3), 26 U.S.C. § 501(c)(3), of the Internal Revenue Code, which
- 24 provides individual or family social or human services within the state and which is accredited by
- 25 a nationally recognized social or human services accrediting agency; or
- 26 (xiii) A not-for-profit corporation organized pursuant to chapter 6 of title 7 or pursuant to
- 27 any special act of the general assembly, which is exempt from federal taxation of income in
- 28 accordance with Section 501(c)(3), 26 U.S.C. § 501(c)(3), of the Internal Revenue Code and which
- 29 provides temporary housing shelter to people within this state.
- 30 (15) "Loan funding deposit" means monies or other property deposited by an educational
- 31 institution or child daycare center with the corporation, a guarantor, or a trustee for the purpose of:
- 32 (i) Providing security for bonds or notes;
- 33 (ii) Funding a default reserve fund;
- 34 (iii) Acquiring default insurance;

1 (iv) Defraying costs of the corporation, the monies or properties to be in amounts as deemed
2 necessary by the corporation or a guarantor as a condition for the institution's participation in the
3 corporation's programs;

4 (16) "Municipality" means any city or town located in the state with powers set forth in
5 title 45.

6 ~~(16)~~(17) "Nonprofit group health association" means an association or a corporation
7 established by an act of the general assembly, or created pursuant to chapter 6 of title 7, to provide
8 all or any part of a project or property to the citizens of this state;

9 ~~(17)~~(18) "Note" means a written promise to pay, including, but not limited to, capital notes
10 and revenue anticipation notes;

11 ~~(18)~~(19) "Parent" means any parent, legal guardian, or sponsor of the student at an
12 educational institution or child daycare center;

13 ~~(19)~~(20) "Participating ~~hospital~~ health care provider" means a ~~hospital~~ health care provider
14 which, pursuant to the provisions of this chapter, undertakes the financing and construction or
15 acquisition of a project or undertakes the refunding or refinancing of obligations or of a mortgage
16 or of advances as provided in and permitted by this chapter;

17 ~~(20)~~(21) "Participating educational institution" means an educational institution or child
18 daycare center which, pursuant to the provisions of this chapter, undertakes the financing and
19 construction or acquisition of a project, or undertakes the refunding or refinancing of obligations
20 or of a mortgage or of advances or undertakes the financing, directly or indirectly, of education
21 loans, all as provided in and permitted by this chapter;

22 (22) "Participating municipality" means a municipality which, pursuant to the provisions
23 of this chapter, undertakes the financing and construction or acquisition of a project or undertakes
24 the refunding or refinancing of obligations or of a mortgage or of advances as provided in and
25 permitted by this chapter:

26 ~~(21)~~(23) "Project," in the case of a participating educational institution or child daycare
27 center means a structure suitable for use as a dormitory or other housing facility, dining hall, student
28 union, administration building, academic building, library, laboratory, research facility, classroom,
29 athletic facility, healthcare facility, and maintenance, storage or utility facility, and other structures
30 or facilities related to the educational institution or child daycare center or required or useful for
31 the instruction of students or the conducting of research or the operation of an educational
32 institution or child daycare center including parking and other facilities or structures essential or
33 convenient for the orderly conduct of the educational institution or child daycare center and also
34 includes equipment and machinery and other similar items necessary or convenient for the

1 operation of a particular facility or structure in the manner for which its use is intended, but does
2 not include such items as books, fuel, supplies, or other items which are customarily deemed to
3 result in a current operating charge and in the case of a participating municipality means a structure
4 suitable for use as a public library, gymnasium, recreational facility, park, playground and
5 maintenance, storage or utility facility and other structures required or useful for the operation of
6 the project, including parking and other facilities or structures essential or convenient for the
7 orderly operation of the project, and also includes equipment and machinery and other similar items
8 necessary or convenient for the operation of the project in the manner for which its use is intended,
9 but does not include such items as books, fuel, supplies, or other items which are customarily
10 deemed to result in a current operating charge; and, in the case of a participating healthcare
11 provider, means a structure suitable for use as a hospital, clinic, nursing home, congregate housing
12 for the elderly and/or infirm, mental health service unit, or other healthcare facility, laboratory,
13 laundry, nurses', interns', or clients' residence, administration building, research facility, and
14 maintenance, storage or utility facility, and other structures or facilities related to the healthcare
15 provider or required or useful for the operation of the project, including parking and other facilities
16 or structures essential or convenient for the orderly operation of the project, and also includes
17 equipment and machinery and other similar items necessary or convenient for the operation of the
18 project in the manner for which its use is intended, but does not include such items as fuel, supplies,
19 or other items which are customarily deemed to result in a current operating charge;

20 ~~(22)~~(24) "Public-private partnership agreement" means an arrangement or agreement
21 pursuant to which a nonprofit corporation, business corporation, limited liability company,
22 partnership or limited partnership undertakes or develops a project for an educational institution,
23 municipality or a healthcare provider including, but not limited to, a lease arrangement, wherein
24 pursuant to such arrangement or agreement at the conclusion of such arrangement or agreement the
25 ownership of the bond-financed or note-financed project is transferred to the educational institution,
26 municipality or healthcare provider for no additional consideration.

27 (25) "Recreational facility" means a system of public recreation established by § 32-3-2.

28 ~~(23)~~(26) "Revenue anticipation note(s)" means a note or notes of the corporation not
29 exceeding twelve (12) months in duration to maturity issued for the benefit of a healthcare provider
30 or educational institution in anticipation of revenues reasonably expected to be collected by the
31 healthcare provider or educational institution within twelve (12) months from the date of the note
32 or notes;

33 ~~(24)~~(27) "School housing project" means an "approved project," as defined in § 16-7-36(2);

34 ~~(25)~~(28) "School housing project financing" means bonds issued through the corporation

1 to fund school housing projects as provided in and permitted by § 16-7-44;

2 ~~(26)~~(29) "State" means the state of Rhode Island; and

3 ~~(27)~~(30) "State reimbursement" shall mean the state's share of school housing project cost
4 as determined in accordance with §§ 16-7-35 -- 16-7-47.

5 **45-38.1-4. Corporation established.**

6 (a) There is hereby created a public body corporate and agency of the state to be known as
7 the "Rhode Island health and educational building corporation" as successor to the Rhode Island
8 educational building corporation, previously created as a nonbusiness corporation under and
9 pursuant to chapter 6 of title 7, as amended by chapter 121 of the Public Laws of 1966, and
10 constituted and established as a public body corporate and agency of the state for the exercising of
11 the powers conferred on the corporation under and pursuant to §§ 45-38.1-1 -- 45-38.1-24.

12 (b) All of the powers of the corporation are vested in the board of directors of the
13 corporation elected at the first meeting of the incorporators of the Rhode Island educational
14 building corporation, and the members of the board shall continue to serve for the duration of the
15 terms for which they were originally elected. Successors to the members of the board of directors
16 shall be appointed by the governor, as follows: prior to the month of June in each year, commencing
17 in the year 1968, the governor shall appoint a member to serve on the board of directors for a term
18 of five (5) years to succeed the member whose term will expire in June of that year. In the event of
19 a vacancy occurring in the membership of the board of directors, the governor shall appoint a new
20 member of the board of directors for the unexpired term. Any member of the board of directors is
21 eligible for reappointment.

22 (c) Each member of the board of directors, before entering upon his or her duties, shall take
23 an oath to administer the duties of his or her office faithfully and impartially, and the oath shall be
24 filed in the office of the secretary of state.

25 (d) The board of directors shall elect two (2) of its members as chairperson and vice
26 chairperson, and also elect a secretary, assistant secretary, treasurer, and assistant treasurer, who
27 need not be members of the board. Three (3) members of the board of directors of the corporation
28 shall constitute a quorum, and the affirmative vote of the majority of the directors present and
29 entitled to vote at any regular or special meeting at which a quorum is present, is necessary for any
30 action to be taken by the corporation; except, however, that the affirmative vote of three (3)
31 members of the board of directors is necessary for the election of officers of the corporation and to
32 amend the bylaws of the corporation. No vacancy in the membership of the board of directors of
33 the corporation impairs the right of a quorum to exercise all the powers of and perform the duties
34 of the corporation.

1 (e) Any action taken by the corporation under the provisions of this chapter may be
2 authorized by resolution at any regular or special meeting, and each resolution takes effect
3 immediately and need not be published or posted.

4 (f) The members of the board of directors shall receive compensation at the rate of fifty
5 dollars (\$50.00) per meeting attended; however, the compensation shall not exceed one thousand
6 five hundred dollars (\$1,500) per fiscal year per member.

7 (g) Notwithstanding any other law to the contrary, it shall not be or constitute a conflict of
8 interest for a trustee, director, officer, or employee of an institution for higher education or
9 [municipality or child daycare center or](#) a healthcare provider to serve as a member of the board of
10 directors of the corporation; provided, that the trustee, director, officer, or employee abstains from
11 deliberation, action and vote by the board under this chapter in specific respect to the institution for
12 higher education, [or municipality or, child daycare center](#) or the healthcare provider of which the
13 member is a trustee, director, officer, or employee.

14 (h) The board and corporation shall comply with provisions of chapter 155 of title 42, the
15 quasi-public corporations accountability and transparency act.

16 **45-38.1-5. General grant of powers.**

17 The corporation has the following powers, together with all powers incidental or necessary
18 for the performance of the following:

19 (1) To have perpetual succession as a public body corporate and agency of the state and to
20 adopt bylaws for the regulation of its affairs and the conduct of its business;

21 (2) To adopt an official seal and alter the seal at pleasure;

22 (3) To maintain an office at a place or places that it may designate;

23 (4) To sue and be sued, plead and be impleaded;

24 (5) To determine the location and character of any project to be financed under the
25 provisions of this chapter, and to construct, reconstruct, renovate, replace, maintain, repair, operate,
26 lease, as lessee or lessor, and regulate the project to pay its costs, to enter into contracts for any or
27 all of those purposes, to enter into contracts for the management and operation of a project, and to
28 designate a participating educational institution or child day care center [or a participating](#)
29 [municipality](#); or a participating health care provider as its agent to determine the location and
30 character of a project undertaken by the participating educational institution or child day care
31 center; [or a participating municipality](#) or by a participating health care provider under the provisions
32 of this chapter, and as the agent of the corporation, to acquire, construct, reconstruct, renovate,
33 replace, maintain, repair, operate, lease, as lessee or lessor, and regulate the project, and, as the
34 agent of the corporation, to enter into contracts for any or all of those purposes, including contracts

1 for the management and operation of the project;

2 (6) To issue bonds, notes, bond anticipation notes, revenue anticipation notes, capital notes,
3 and other obligations of the corporation including, but not limited to, interest rate exchange
4 agreements and contracts to hedge interest rates, for any of its corporate purposes, and to fund or
5 refund the bonds, all as provided in this chapter;

6 (7) Generally, to fix and revise from time to time and charge and collect rates, rents, fees,
7 and charges for the use of and for the services furnished or to be furnished by a project or any
8 portion of it, and to contract with any person, partnership, association, or corporation or other body
9 public or private in respect to the project;

10 (8) To establish rules and regulations for the use of a project or any portion of it and to
11 designate a participating educational institution or child day care center, or a participating health
12 care provider [or a participating municipality](#) as its agent to establish rules and regulations for the
13 use of a project undertaken by the participating educational institution or child day care center or
14 by the participating health care provider [or by the participating municipality](#);

15 (9) Employ consulting engineers, architects, attorneys, accountants, construction and
16 financial experts, superintendents, managers, and other employees and agents as may be necessary
17 in its judgment, and to fix their compensation;

18 (10) To receive and accept from any public agency, loans or grants for or in aid of the
19 construction of a project or any portion of it, and to receive and accept loans, grants, aid, or
20 contributions from any source of either money, property, labor, or other things of value, to be held,
21 used, and applied only for the purposes for which those loans, grants, aid, and contributions are
22 made;

23 (11) To mortgage any project, and the site of the project, for the benefit of the holders of
24 bonds issued to finance the project;

25 (12) To make loans to any participating educational institution or child day care center and
26 to any participating health care provider [or to a participating municipality](#) for the cost of a project
27 in accordance with an agreement, and any other security instrument required by the corporation
28 between the corporation and the participating educational institution or child day care center or the
29 participating health care provider; [or participating municipality](#); provided, that, no loan exceeds the
30 total cost of the projects as determined by the participating educational institution or child day care
31 center or the participating hospital, [or the participating municipality](#) and approved by the
32 corporation;

33 (13) To make loans to a participating educational institution or child day care center or to
34 a participating health care provider [or to the participating municipality](#) to refund outstanding

1 obligations, mortgages, or advances issued, made or given by the participating educational
2 institution or child day care center or the participating health care provider [or to a participating](#)
3 [municipality](#) for the cost of a project;

4 (14) To charge to and equitably apportion, among participating educational institution or
5 child day care center and participating health care provider [and participating municipality](#), its
6 administrative costs and expenses incurred in the exercise of the powers and duties conferred by
7 this chapter;

8 (15) To accept any gifts or grants or loans of funds or property or financial or other aid in
9 any form from the federal government or any agency or instrumentality of the federal government,
10 or from the state or any agency or instrumentality of the state, or from any other source and to
11 comply, subject to the provisions of this chapter, with the terms and conditions of the gifts, grants,
12 or loans;

13 (16) To do all things necessary or convenient to carry out the purposes of this chapter. In
14 carrying out the purposes of this chapter, the corporation may undertake a project for two (2) or
15 more participating health care providers jointly, or for any combination of providers, and,
16 thereupon, all other provisions of this chapter shall apply to and for the benefit of the corporation
17 and those joint participants;

18 (17) To enter into contracts for the purpose of guaranteeing or insuring loans to any
19 participating educational institution or child day care center or to any participating health care
20 provider [or to any participating municipality](#) to carry out the purposes of the corporation, and to
21 pledge, encumber, or advance funds of the corporation in connection with the loans; and

22 (18) To make and effectuate gifts or grants of corporation funds for or in aid of the
23 construction of or development of any project or any portion of a project or in furtherance of the
24 policies, purposes, and powers of the corporation set forth in this chapter, and to retain or appoint
25 any agents or consultants deemed necessary or desirable by the corporation to effectuate, make,
26 and administer the gifts or grants.

27 **45-38.1-6. Acquisition of property.**

28 The corporation is authorized and empowered, directly, or by and through a participating
29 institution for higher education [or a participating municipality or a participating child daycare](#)
30 [center](#) or a participating health care provider, as its agent, to acquire by purchase or by gift or devise
31 any lands, structures, property, real or personal, rights, rights of way, franchises, easements, and
32 other interests in lands, including lands lying under water and riparian rights, which are located
33 within or without the state as it may deem necessary or convenient for the construction or operation
34 of a project, upon terms and at prices that may be considered by it to be reasonable and can be

1 agreed upon between it and the owner of the property, and to take title to the property in the name
2 of the corporation or in the name of a participating institution for higher education [or a participating](#)
3 [municipality or a participating child daycare center](#) or a participating health care provider as its
4 agent.

5 **45-38.1-7. Title to project.**

6 When the principal of and interest on bonds of the corporation issued to finance the cost of
7 a particular project or projects for a participating institution for higher education [or for a](#)
8 [participating municipality or a participating child daycare center](#) or for a participating health care
9 provider, including any refunding bonds or notes issued to refund and refinance the bonds or notes,
10 have been fully paid and retired, or when adequate provision has been made to fully pay and retire
11 the bonds or notes, and all other conditions of the resolution or trust agreement authorizing and
12 securing the bonds or notes have been satisfied and the lien of the resolution or trust agreement has
13 been released in accordance with its provisions, the corporation shall promptly do things and
14 execute deeds and conveyances that are necessary and required to convey title to the project or
15 projects to the participating institution for higher education [or the participating municipality or the](#)
16 [participating child daycare center](#) or the participating health care provider, free and clear of all liens
17 and encumbrances, all to the extent that title to the project or projects shall not, at the time, then be
18 vested in the participating institution for higher education or [the participating municipality or the](#)
19 [participating child daycare center or](#) the participating health care provider.

20 **45-38.1-9. Bonds of the corporation.**

21 (a) The corporation is authorized from time to time to issue its negotiable bonds for any
22 corporate purpose or project. In anticipation of the sale of the bonds the corporation may issue
23 negotiable bond anticipation notes and may renew those notes from time to time, but maximum
24 maturity of the notes, including renewals of those notes, shall not exceed forty (40) years from the
25 date of issue of the original notes. The notes shall be paid from any revenues of the corporation or
26 other moneys available for payment and not otherwise pledged, or from the proceeds of the sale of
27 the bonds of the corporation in anticipation of which they were issued. The notes shall be issued in
28 the same manner as the bonds. The notes and the resolution, or resolutions authorizing the notes,
29 may contain any provisions, conditions, or limitations which a bond resolution of the corporation
30 may contain.

31 (b) The bonds, notes, or other obligations are payable from any revenues or moneys of the
32 corporation available for payment and not otherwise pledged, subject only to any agreements with
33 the holders of particular bonds, notes, or other obligations pledging any particular revenues or
34 moneys, and subject to any agreements with any participating institution for higher education [or](#)

1 [any participating municipality or participating child daycare center](#) or any participating hospital,
2 notwithstanding that the bonds, notes, or other obligations may be payable from a special fund,
3 they shall be and be deemed to be for all purposes negotiable instruments, subject only to the
4 provisions of the bonds, notes, or other obligations for registration.

5 (c) The bonds may be issued as serial bonds or as term bonds, or the corporation, in its
6 discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the
7 corporation and bear a date or dates, mature at a time or times, not exceeding sixty-five (65) years
8 from their respective dates, bear interest at rate or rates, be payable at a time or times, be in
9 denominations, be in a form, either coupon or registered, carry registration privileges, be executed
10 in a manner, be payable in lawful money of the United States of America at a place or places, and
11 be subject to terms of redemption, that the resolution or resolutions may provide. In the event term
12 bonds are issued, the resolution authorizing the term bonds may make provisions for the
13 establishment and management of adequate sinking reserve funds for their payment as the
14 corporation may deem necessary. The bonds or notes may be sold at public or private sale for a
15 price or prices as the corporation determines. Pending preparation of the definitive bonds, the
16 corporation may issue interim receipts or certificates which shall be exchanged for the definitive
17 bonds.

18 (d) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain
19 provisions, which are a part of the contract with the holders of the bonds to be authorized, as to:

20 (1) Pledging the full faith and credit of a participating institution for higher education [or of](#)
21 [a participating municipality or participating child daycare center](#) or of a participating health care
22 provider, all or any part of the revenues of a project of any revenue producing contract or contracts
23 made by the corporation with any individual, partnership, corporation, or association or other body,
24 public or private, or pledging all or any part of the revenues derived from corporation loans,
25 education loans, payments by participating institutions for higher education, banks, guarantors,
26 insurers, or others pursuant to letters of credit or purchase agreements, investment earnings,
27 insurance proceeds, loan funding deposits, proceeds from the sale of education loans, proceeds of
28 refunding bonds and fees, charges, and other revenues of the corporation, to secure the payment of
29 the bonds or of any particular issue of bonds, subject to agreements with bondholders as may then
30 exist;

31 (2) The rentals, revenues, fees and other charges to be charged, and the amounts to be raised
32 in each year, and the use and disposition of the revenues;

33 (3) The setting aside of reserves or sinking funds, loan funding deposits, and their
34 regulation and disposition;

1 (4) Limitations on the right of the corporation or its agent to restrict and regulate the use of
2 the project or of education loans;

3 (5) Limitations on the purpose to which the proceeds of the sale of any issue, of bonds then
4 or thereafter to be issued, may be applied and pledging the proceeds to secure the payment of the
5 bonds or any issue of the bonds;

6 (6) Limitations on the issuance of additional bonds, the terms upon which additional bonds
7 may be issued and secured, and the refunding of outstanding bonds;

8 (7) The procedure, if any, by which the terms of any contract with bondholders may be
9 amended or abrogated, the amount of bonds the holders of which must consent thereto, and the
10 manner in which the consent may be given;

11 (8) Limitations on the amount of moneys derived from the project or education loan
12 program to be expended for operating, administrative, or other expenses of the corporation;

13 (9) Defining the acts or omissions to act which constitute a default in the duties of the
14 corporation to holders of its obligations, and providing the rights and remedies of those holders in
15 the event of a default;

16 (10) The mortgaging of a project and its site for the purpose of securing the bondholders;

17 (11) Any other additional covenants, agreements, and provisions that are deemed desirable
18 or necessary by the corporation for the security of the holders of the bonds; and

19 (12) Providing for guarantees, pledges of endowment, letters of credit, property, or other
20 security for the benefit of the holders of the bonds.

21 (e) Neither the members of the corporation nor any person executing the bonds or notes
22 are personally liable on the bonds or notes, or are subject to any personal liability or accountability
23 by reason of the issuance of the bonds or notes.

24 (f) The corporation has power out of any available funds, to purchase its bonds or notes.
25 The corporation may hold, pledge, cancel, or resell the bonds, subject to and in accordance with
26 agreements with bondholders.

27 **45-38.1-20. Procedure before issuance of bonds or notes.**

28 Notwithstanding any other provisions of this chapter, the corporation is not empowered to
29 undertake any project authorized by this chapter unless, prior to the issuance of any bonds or notes
30 under this chapter, it has determined that:

31 (1) The acquisition, construction, or financing of the cost of the project will:

32 (i) With respect to an institution for higher education [or child daycare center](#), enable or
33 assist the institution to fulfill its obligations in providing education [or child daycare center](#) to the
34 youth of this state; ~~or~~

1 (ii) With respect to a health care provider, enable the health care provider to improve the
2 health of the people it serves by means of expanded health care, health care provider, and other
3 related services; ~~and~~ or

4 (iii) With respect to a municipality, enable the municipality to improve the health, or living
5 conditions or welfare of its residents by means of expanded access to public educational or public
6 recreational facilities.

7 (2) The project is leased to, or owned by, a financially responsible institution for higher
8 education or child daycare center or municipality or health care provider within the state; and

9 (3) Adequate provision has been, or will be, made for the payment of the cost of the
10 construction and/or acquisition of the project, and, except with regard to those bonds issued through
11 the corporation related to school housing project financing, that under no circumstances will the
12 state be obligated, directly or indirectly, for the payment of the cost of the construction and/or
13 acquisition of the project, or for the payment of the principal of, or interest on, any obligations
14 issued to finance the construction and/or acquisition; and

15 (4) Adequate provision has been, or will be made in any agreement with respect to or lease
16 of the project for payment of all costs of operation, maintenance, and upkeep of the project by the
17 lessee, sublessee, or occupant so that under no circumstances is the state obligated, directly or
18 indirectly, for the payment of the costs except with regard to state reimbursement for school
19 housing projects; provided, that no findings shall be made and no financing effected under this
20 chapter, with respect to health care providers, unless the proposed health care providers have first
21 been approved by any state agency empowered to approve the construction of any health care
22 providers in the manner provided in its general laws.

23 SECTION 2. This act shall take effect upon passage.

=====
LC005149
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO TOWNS AND CITIES - HEALTH AND EDUCATIONAL BUILDING
CORPORATION

1 This act would provide that municipalities within the state be provided with appropriate
2 additional means to improve the health, living conditions, and welfare of their residents with
3 expanded access to public educational, or child daycare centers, or public recreational facilities by
4 utilizing the Rhode Island health and educational building corporation.

5 This act would take effect upon passage.

=====
LC005149
=====