

2012 -- H 8160

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE ACQUISITION,
CONSTRUCTION, IMPROVEMENT, RENOVATION, REPAIR, ALTERATION AND
EQUIPPING OF PLAYGROUNDS AND ATHLETIC FIELDS IN THE CITY OF CRANSTON
BY THE ISSUANCE OF NOT MORE THAN \$2,500,000 BONDS AND/OR NOTES
THEREFOR

Introduced By: Representatives Mattiello, Handy, McNamara, Marcello, and Jacquard

Date Introduced: May 16, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Cranston is hereby empowered, in addition to authority
2 previously granted, to issue bonds up to an amount not exceeding two million five hundred
3 thousand dollars (\$2,500,000) from time to time under its corporate name and seal or a facsimile
4 of such. The bonds of each issue may be issued in the form of serial bonds or term bonds or a
5 combination thereof and shall be payable either by maturity of principal in the case of serial
6 bonds or by mandatory sinking fund installments in the case of term bonds, in annual installments
7 of principal, the first installment to be not later than three (3) years and the last installment not
8 later than twenty (20) years after the date of the bonds. All such bonds of a particular issue may
9 be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term
10 bonds or a combination thereof. The amount of principal appreciation each year on any bonds,
11 after the date of original issuance, shall not be considered to be principal indebtedness for the
12 purposes of any constitutional, statutory or charter debt limit or any other limitation. The
13 appreciation of principal after the date of original issue shall be considered interest. Only the
14 original principal amount shall be counted in determining the principal amount so issued and any
15 interest component shall be disregarded.

16 SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the
17 director of finance and the mayor and shall be issued and sold in such amounts as the city council

1 may determine by resolution. The manner of sale, denominations, maturities, interest rates and
2 other terms, conditions and details of any bonds or notes issued under this act may be fixed by the
3 proceedings of the city council authorizing the issue or by separate resolution of the city council
4 or, to the extent provisions for these matters are not so made, they may be fixed by the officers
5 authorized to sign the bonds or notes. The proceeds derived from the sale of the bonds shall be
6 delivered to the city treasurer, and such proceeds exclusive of premiums and accrued interest
7 shall be expended: (a) For financing the acquisition, construction, improvement, renovation,
8 repair, alteration and equipping of playgrounds and athletic fields in the city of Cranston (the
9 “project”); (b) In payment of the principal of or interest on temporary notes issued under section
10 3; (c) In repayment of advances under section 4; (d) In payment of related costs of issuance of
11 any bonds or notes hereunder and/or (e) In payment of capitalized interest during construction of
12 the project. No purchaser of any bonds or notes under this act shall be in any way responsible for
13 the proper application of the proceeds derived from the sale thereof. The proceeds of bonds or
14 notes issued under this act, any applicable federal or state assistance and the other monies referred
15 to in sections 6 and 9 shall be deemed appropriated for the purposes of this act without further
16 action than that required by this act. The bonds authorized by this act may be consolidated for the
17 purposes of issuance and sale with any other bonds of the city heretofore or hereafter authorized,
18 provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds
19 authorized by this act shall be expended for the purposes set forth above.

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

1 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under
2 this act, and provided further that if the issuance of any such refunding notes results in any
3 amount of such temporary notes outstanding at any one time in excess of the amount of bonds
4 which may be issued under this act, the proceeds of such refunding notes shall be deposited in a
5 separate fund established with the bank which is paying agent for the notes being refunded.
6 Pending their use to pay the notes being refunded, moneys in the fund shall be invested for the
7 benefit of the city by the paying agent at the direction of the city treasurer in any investment
8 permitted under section 5. The moneys in the fund and any investments held as a part of the fund
9 shall be held in trust and shall be applied by the paying agent solely to the payment or
10 prepayment of the principal of and interest on the notes being refunded. Upon payment of all
11 principal of and interest on the notes, any excess moneys in the fund shall be distributed to the
12 city. The city may pay the principal of and interest on notes in full from other than the issuance of
13 refunding notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the city's
14 authority to issue bonds or notes in anticipation of bonds under this act shall continue provided
15 that (1) the city council passes a resolution evidencing the city's intent to pay off the notes
16 without extinguishing the authority to issue bonds or notes and (2) that the period from the date of
17 an original note to the maturity date of any other note shall not exceed five (5) 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 treasurer, with the approval of the city
20 council given by an order or resolution passed and approved in the manner provided in chapter 12
21 of the city charter, but not subject to the provisions of section 12.03 of said chapter, may, to the
22 extent that bonds or notes may be issued hereunder, apply funds in the general treasury of the city
23 to the purposes specified in section 2, such advances to be repaid without interest from the
24 proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal or state
25 assistance or from other available funds.

26 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
27 federal or state assistance, pending their expenditure, and subject to the approval of the
28 investment committee mentioned in section 7.05 of the city charter, may be deposited or invested
29 by the city treasurer, in demand deposits, time deposits or savings deposits in banks which are
30 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by
31 the United States of America or by any agency or instrumentality thereof or as may be provided
32 in any other applicable law of the state of Rhode Island or resolution of the city council.

33 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
34 shall be applied to the payment of the first interest due thereon. Any premiums arising from the

1 sale of bonds or notes hereunder and, to the extent permitted by applicable federal laws, any net
2 earnings or profits realized from the deposit or investment of funds hereunder shall, in the
3 discretion of the city treasurer, be applied to the cost of preparing, issuing, and marketing bonds
4 or notes hereunder to the extent not otherwise provided, to the payment of the cost of the project,
5 to the payment of the principal of or interest on bonds or notes issued hereunder, to the revenues
6 of the city and dealt with as part of the revenues of the city from property taxes to the extent
7 permitted by federal law, or to any one or more of the foregoing. The cost of preparing, issuing,
8 and marketing bonds or notes hereunder may also, in the discretion of the city treasurer, be met
9 from bond or note proceeds exclusive of premium and accrued interest or from other monies
10 available therefor. Any balance of bond or note proceeds remaining after payment of the cost of
11 the projects and the cost of preparing, issuing and marketing bonds or notes hereunder shall be
12 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the
13 extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or
14 investment of funds hereunder may, upon receipt, be added to and dealt with as part of the
15 revenues of the city from property taxes. In exercising any discretion under this section, the city
16 treasurer shall be governed by any instructions adopted by any order or resolution of the city
17 council.

18 SECTION 7. All bonds and notes issued under this act and the debt evidenced thereby
19 shall be obligatory on the city in the same manner and to the same extent as other debts lawfully
20 contracted by it and shall be excepted from the operation of section 45-12-2 of the general laws
21 and any provision of the city charter. No such obligation shall at any time be included in the debt
22 of the city for the purpose of ascertaining its borrowing capacity. The city shall annually
23 appropriate a sum sufficient to pay the principal and interest coming due within the year on bonds
24 and notes issued hereunder to the extent that monies therefor are not otherwise provided. If such
25 sum is not appropriated, it shall nevertheless be added to the annual tax levy. In order to provide
26 such sum in each year and notwithstanding any provision of law to the contrary, all taxable
27 property in the city shall be subject to ad valorem taxation by the city without limitation as to rate
28 or amount.

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

33 SECTION 9. The city, acting by order or resolution of its city council passed and
34 approved in the manner provided in chapter 12 of the city charter, but not subject to the

1 provisions of section 12.03 of said chapter, is authorized to apply for, contract for and expend any
2 federal or state advances or other grants of assistance which may be available for the purposes of
3 this act, and any such expenditures may be in addition to other monies provided in this act. To the
4 extent of any inconsistency between any law of this state and any applicable federal law or
5 regulation, the latter shall prevail. Federal and state advances, with interest where applicable,
6 whether contracted for prior to or after the effective date of this act, may be repaid as a cost of the
7 project under section 2.

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

17 SECTION 11. The director of finance and the mayor, on behalf of the city are hereby
18 authorized to execute such instruments, documents or other papers as either of the foregoing
19 deem necessary or desirable to carry out the intent of this act and are also authorized to take all
20 actions and execute all documents necessary to comply with federal tax and securities laws,
21 which documents or agreements may have a term coextensive with the maturity of the bonds
22 authorized hereby, including Rule 15c2-12 of the Securities and Exchange Commission (the
23 Rule) and to execute and deliver a continuing disclosure agreement or certificate in connection
24 with the bonds or notes in the form as shall be deemed advisable by such officers in order to
25 comply with the Rule.

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

29 SECTION 13. The question of the approval of this act shall be submitted to the electors
30 of the city at the general election to be held on November 6, 2012. The question shall be
31 submitted in substantially the following form: "Shall an act passed at the 2012 session of the
32 general assembly entitled 'An act authorizing the city of Cranston to finance the acquisition,
33 construction, improvement, renovation, repair, alteration and equipping of playgrounds and
34 athletic fields in the city of Cranston by the issuance of not more than \$2,500,000 bonds and/or

1 notes therefor' be approved?" and the warning for the election shall contain the question to be
2 submitted. From the time the election is warned and until it is held, it shall be the duty of the city
3 clerk to keep a copy of the act available at his or her office for public inspection, but the validity
4 of the election shall not be affected by this requirement. To the extent of any inconsistency
5 between this act and the city charter or any law of special applicability to the city, this act shall
6 prevail.

7 SECTION 14. This section and section 13 shall take effect upon the passage of this act.
8 The remainder of this act shall take effect upon the approval of this act by a majority of those
9 voting on the question at the election prescribed by the foregoing section.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE ACQUISITION,
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THEREFOR

1 This act would authorize the city of Cranston to issue not more than \$2,500,000 general
2 obligation bonds and notes to finance the acquisition, construction, improvement, renovation,
3 repair, alteration and equipping of playgrounds and athletic fields in the city of Cranston. Term
4 of said bonds shall not exceed twenty (20) years.

5 Sections 13 and 14 of this act would take effect upon passage. The remainder of the act
6 would take effect upon approval by the electors of the city of the question provided for in section
7 13.

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