

2018 -- S 2677

LC005223

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

AUTHORIZING THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$40,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEARS 2019 THROUGH 2023, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 35% AT THE TIME OF ISSUANCE

Introduced By: Senators McCaffrey, Lynch Prata, and Calkin

Date Introduced: March 20, 2018

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Warwick is hereby authorized, in addition to authority
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up
3 to an amount not exceeding forty million dollars (\$40,000,000) 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. All such bonds
9 of a particular issue may be issued in the form of zero coupon bonds, capital appreciation bonds,
10 serial bonds or term bonds or a combination thereof. The amount of principal appreciation each
11 year on any bonds, after the date of original issuance, shall not be considered to be principal
12 indebtedness for the purposes of any constitutional or statutory debt limit or any other limitation.
13 The 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.

1 SECTION 2. The bonds shall be signed by the city treasurer and by the manual or
2 facsimile signature of the mayor and be issued and sold in such amounts as the city council may
3 determine by resolution. The manner of sale, denominations, maturities, interest rates and other
4 terms, conditions and details of any bonds or notes issued under this act may be fixed by the
5 proceedings of the city council authorizing the issue or by separate resolution of the city council
6 or, to the extent provisions for these matters are not so made, they may be fixed by the officers
7 authorized to sign the bonds or notes. Notwithstanding anything contained in this act to the
8 contrary, the city may enter into financing agreements with the Rhode Island Health and
9 Educational Building Corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45
10 and, with respect to notes or bonds issued in connection with such financing agreements, if any,
11 the city may elect to have the provisions of chapter 38.1 of title 45 apply to the issuance of the
12 bonds or notes issued hereunder to the extent the provisions of chapter 38.1 of title 45 are
13 inconsistent herewith. In addition, the city may enter into financing agreements with the Rhode
14 Island Infrastructure Bank pursuant to the provisions of chapter 12.2 of title 46 and, with respect
15 to notes or bonds issued in connection with such financing agreements, if any, the city may elect
16 to have the provisions of chapter 12.2 of title 46 apply to the issuance of the bonds or notes issued
17 hereunder to the extent the provisions of chapter 12.2 of title 46 are inconsistent herewith. Such
18 election may be fixed by the proceedings of the city council authorizing such issuance of by
19 separate resolution of the city council, or, to the extent provisions for these matters are not so
20 made, they may be fixed by the officers authorized to sign the bonds or notes. The proceeds
21 derived from the sale of the bonds shall be delivered to the city treasurer, and such proceeds,
22 exclusive of premiums and accrued interest, shall be expended: (1) For the construction,
23 renovation, improvement, alteration, repair, furnishing and equipping of schools and school
24 facilities throughout the city of Warwick and all costs related thereto, to fund the capital
25 improvement program for the fiscal years 2019 through 2023 (the "projects"); (2) In payment of
26 the principal of or interest on temporary notes issued under section 3; (3) In repayment of
27 advances under section 5; (4) In payment of related costs of issuance of any bonds or notes;
28 and/or (5) In payment of capitalized interest during construction of the projects. The city,
29 however, is not required to issue the bonds and notes authorized by this act during the fiscal years
30 ending June 30, 2019 through June 30, 2023, but rather may issue them at any time, or from time
31 to time. No purchaser of any bonds or notes under this act shall be in any way responsible for the
32 proper application of the proceeds derived from the sale thereof. The proceeds of bonds or notes
33 issued under this act, any applicable federal or state assistance and the other monies referred to in
34 sections 7 and 10 shall be deemed appropriated for the purposes of this act without further action

1 than that required by this act. The bonds authorized by this act may be consolidated for the
2 purpose of issuance and sale with any other bonds of the city heretofore or hereafter authorized,
3 provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds
4 authorized by this act shall be expended for the purposes set forth above.

5 SECTION 3. The city council may by resolution authorize the issuance from time to time
6 of interest bearing or discounted notes in anticipation of the issue of bonds under section 2 or in
7 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
8 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
9 issued under this act and the amount of original notes issued in anticipation of federal or state aid
10 may not exceed the amount of available federal or state aid as estimated by the city treasurer.

11 Temporary notes issued hereunder shall be signed by the manual or facsimile signatures of the
12 city treasurer and the mayor and shall be payable within five (5) years from their respective dates,
13 but the principal of and interest on notes issued for a shorter period may be renewed or paid from
14 time to time by the issue of other notes hereunder, provided the period from the date of an
15 original note to the maturity of any note issued to renew or pay the same debt or the interest
16 thereon shall not exceed five (5) years. Any temporary notes in anticipation of bonds issued under
17 this section may be refunded prior to the maturity of the notes by the issuance of additional
18 temporary notes, provided that no such refunding shall result in any amount of such temporary
19 notes outstanding at any one time in excess of two hundred percent (200%) of the amount of
20 bonds which may be issued under this act, and provided further that if the issuance of any such
21 refunding notes results in any amount of such temporary notes outstanding at any one time in
22 excess of the amount of bonds which may be issued under this act, the proceeds of such refunding
23 notes shall be deposited in a separate fund established with the bank which is paying agent for the
24 notes being refunded. Pending their use to pay the notes being refunded, monies in the fund shall
25 be invested for the benefit of the city by the paying agent at the direction of the city treasurer in
26 any investment permitted under section 6. The monies in the fund and any investments held as a
27 part of the fund shall be held in trust and shall be applied by the paying agent solely to the
28 payment or prepayment of the principal of and interest on the notes being refunded. Upon
29 payment of all principal of and interest on the notes, any excess monies in the fund shall be
30 distributed to the city. The city may pay the principal of and interest on notes in full from other
31 than the issuance of refunding notes prior to the issuance of bonds pursuant to section 1 hereof. In
32 such case, the city's authority to issue bonds or notes in anticipation of bonds under this act shall
33 continue provided that: (1) The city council passes a resolution evidencing the city's intent to pay
34 off the notes without extinguishing the authority to issue bonds or notes; and (2) That the period

1 from the date of an original note to the maturity date of any other note shall not exceed five (5)
2 years.

3 SECTION 4. Bonds and notes shall not be issued unless the city has received a letter
4 from the Rhode Island Board of Education or the Rhode Island Department of Elementary and
5 Secondary Education confirming that the then-current reimbursement rate or state share ratio
6 pursuant to §§ 16-7-35 through 16-7-47, as amended from time to time, or pursuant to any other
7 law hereafter enacted providing for funds to municipalities for school housing aid purposes, is not
8 less than thirty-five percent (35%) of debt service for those costs which are eligible for state
9 school housing aid.

10 SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu
11 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city
12 council may, to the extent that bonds or notes may be issued hereunder, apply funds in the general
13 treasury of the city to the purposes specified in section 2, such advances to be repaid without
14 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of
15 applicable federal or state assistance or from other available funds.

16 SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable
17 federal or state assistance, pending their expenditure may be deposited or invested by the city
18 treasurer, in demand deposits, time deposits or savings deposits in banks which are members of
19 the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United
20 States of America or by any agency or instrumentality thereof or as may be provided in any other
21 applicable law of the state of Rhode Island or resolution of the city council or pursuant to an
22 investment policy of the city.

23 SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder
24 shall be applied to the payment of the first interest due thereon. Any premiums arising from the
25 sale of bonds or notes hereunder and, to the extent permitted by applicable federal laws, any net
26 earnings or profits realized from the deposit or investment of funds hereunder shall, in the
27 discretion of the city treasurer, be applied to the cost of preparing, issuing, and marketing bonds
28 or notes hereunder to the extent not otherwise provided, to the payment of the cost of the projects,
29 to the payment of the principal of or interest on bonds or notes issued hereunder, to the revenues
30 of the city and dealt with as part of the revenues of the city from property taxes to the extent
31 permitted by federal law, or to any one or more of the foregoing. The cost of preparing, issuing,
32 and marketing bonds or notes hereunder may also, in the discretion of the city treasurer, be met
33 from bond or note proceeds exclusive of premium and accrued interest or from other monies
34 available therefor. Any balance of bond or note proceeds remaining after payment of the cost of

1 the projects and the cost of preparing, issuing and marketing bonds or notes hereunder shall be
2 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the
3 extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or
4 investment of funds hereunder may, upon receipt, be added to and dealt with as part of the
5 revenues of the city from property taxes. In exercising any discretion under this section, the city
6 treasurer shall be governed by any instructions adopted by resolution of the city council.

7 SECTION 8. All bonds and notes issued under this act and the debt evidenced hereby
8 shall be obligatory on the city in the same manner and to the same extent as other debts lawfully
9 contracted by it and shall be excepted from the operation of § 45-12-2 and any provision of the
10 city charter. No such obligation shall at any time be included in the debt of the city for the
11 purpose of ascertaining its borrowing capacity. The city shall annually appropriate a sum
12 sufficient to pay the principal and interest coming due within the year on bonds and notes issued
13 hereunder to the extent that monies therefor are not otherwise provided. If such sum is not
14 appropriated, it shall nevertheless be added to the annual tax levy. In order to provide such sum in
15 each year and notwithstanding any provisions of law to the contrary, all taxable property in the
16 city shall be subject to ad valorem taxation by the city without limitation as to rate or amount.

17 SECTION 9. Any bonds or notes issued under the provisions of this act, if properly
18 executed by the officers of the city in office on the date of execution, shall be valid and binding
19 according to their terms notwithstanding that before the delivery thereof and payment therefor
20 any or all of such officers shall for any reason have ceased to hold office.

21 SECTION 10. The city, acting by resolution of its city council is authorized to apply for,
22 contract for and expend any federal or state advances or other grants of assistance which may be
23 available for the purposes of this act, and any such expenditures may be in addition to other
24 monies provided in this act. To the extent of any inconsistency between any law of this state and
25 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
26 interest where applicable, whether contracted for prior to or after the effective date of this act,
27 may be repaid as a cost of the projects under section 2.

28 SECTION 11. Bonds and notes may be issued under this act without obtaining the
29 approval of any governmental agency or the taking of any proceedings or the happening of any
30 conditions except as specifically required by this act for such issue. In carrying out any project
31 financed in whole or in part under this act, including where applicable the condemnation of any
32 land or interest in land, and in the levy and collection of assessments or other charges permitted
33 by law on account of any such project, all action shall be taken which is necessary to meet
34 constitutional requirements whether or not such action is otherwise required by statute, but the

1 validity of bonds and notes issued hereunder shall in no way depend upon the validity or
2 occurrence of such action.

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

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

15 SECTION 14. The question of the approval of this act shall be submitted to the electors
16 of the city at the general election to be held on November 6, 2018 or, if so determined by the city
17 council, at a special city-wide election, other than a primary, held on a date to be determined by
18 resolution of the city council. The question shall be submitted in substantially the following form:
19 "Shall an act passed at the 2018 session of the general assembly entitled 'AN ACT
20 AUTHORIZING THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$40,000,000
21 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
22 INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT,
23 ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL
24 FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL IMPROVEMENT
25 PROGRAM FOR THE FISCAL YEARS 2019 THROUGH 2023, SUBJECT TO APPROVAL
26 OF STATE HOUSING AID AT A REIMBURSEMENT RATE OF NOT LESS THAN 35% AT
27 THE TIME OF ISSUANCE' be approved?" and the warning for the election shall contain the
28 question to be submitted. From the time the election is warned and until it is held, it shall be the
29 duty of the city clerk to keep a copy of the act available at the clerk's office for public inspection,
30 but the validity of the election shall not be affected by this requirement. To the extent of any
31 inconsistency between this act and the city charter or any law of special applicability to the city,
32 this act shall prevail.

33 SECTION 15. This act shall constitute an enabling act of the general assembly that is
34 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under

1 this act for school projects shall not be eligible for state aid reimbursement pursuant to § 16-7-44
2 unless the school projects described herein have been approved by the Rhode Island Department
3 of Education ("RIDE").

4 SECTION 16. Sections 14 and 16 shall take effect upon passage. The remainder of this
5 act shall take effect upon the approval of this act by a majority of those voting on the question at
6 the election prescribed by section 14.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$40,000,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT,
ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL
FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL IMPROVEMENT
PROGRAM FOR THE FISCAL YEARS 2019 THROUGH 2023, SUBJECT TO APPROVAL
OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF
NOT LESS THAN 35% AT THE TIME OF ISSUANCE

1 This act would authorize the city of Warwick to issue not more than \$40,000,000 general
2 obligation bonds, notes and other evidences of indebtedness to finance the construction,
3 renovation, improvement, alteration, repair, furnishing and equipping of schools and school
4 facilities throughout the city of Warwick and all costs related thereto, to fund the capital
5 improvement program for the fiscal years 2019 through 2023, subject to approval of State
6 Housing Aid at a reimbursement rate of not less than 35% at the time of issuance.

7 This act would constitute an enabling act of the general assembly that is required
8 pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under this act
9 for school projects shall not be eligible for state aid reimbursement pursuant to § 16-7-44 unless
10 the school projects described herein have been approved by the Rhode Island Department of
11 Education ("RIDE").

12 Sections 14 and 16 would hall take effect upon passage. The remainder of the act would
13 take effect upon approval of the question provided for in section 14.

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