

2020 -- S 2911

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE CONSTRUCTION, IMPROVEMENT, RENOVATION, REPAIR, ALTERATION, FURNISHING AND EQUIPPING OF PUBLIC BUILDINGS IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$1,000,000 GENERAL OBLIGATION BONDS AND NOTES THEREFOR

Introduced By: Senators Gallo, Miller, and Lombardi

Date Introduced: June 18, 2020

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The city of Cranston is hereby empowered, in addition to authority previously  
2 granted, to issue bonds to an amount not exceeding one million dollars (\$1,000,000) from time to  
3 time under its corporate name and seal or a facsimile of such seal. The bonds of each issue shall  
4 mature in annual installments of principal, the first installment to be not later than five (5) years  
5 and the last installment not later than thirty (30) years after the date of the bonds. All such bonds  
6 of a particular issue may be issued in the form of zero coupon bonds, capital appreciation bonds,  
7 serial bonds or term bonds or a combination thereof. Annual installments of principal may be  
8 provided for by maturity of principal in the case of serial bonds or by mandatory sinking fund  
9 installments in the case of term bonds. The amount of principal appreciation each year on any  
10 bonds, after the date of original issuance, shall not be considered to be principal indebtedness for  
11 the purposes of any constitutional, statutory, or charter debt limit or any other limitation. The  
12 appreciation of principal after the date of original issue shall be considered interest. Only the  
13 original principal amount shall be counted in determining the principal amount so issued and any  
14 interest component shall be disregarded.

15           SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the  
16 director of finance and the mayor and shall be issued and sold in such amounts as the city council  
17 may authorize. The manner of sale, denominations, maturities, interest rates and other terms,

1 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings  
2 of the city council authorizing the issue or by separate order or resolution of the city council or, to  
3 the extent provisions for these matters are not so made, they may be fixed by the officers authorized  
4 to sign the bonds or notes. Interest coupons (if any) shall bear the facsimile signature of the director  
5 of finance. The proceeds derived from the sale of the bonds shall be delivered to the city treasurer,  
6 and such proceeds, exclusive of premiums and accrued interest, shall be expended: (1) To finance  
7 the construction, improvement, renovation, repair, alteration, furnishing and equipping of public  
8 buildings in the city; or (2) In payment of the principal of or interest on temporary notes issued  
9 under section 3; or (3) In repayment of advances under section 4, (4) In payment of costs of issuance  
10 associated with the issuance of bonds or notes hereunder; and/or (5) To finance capitalized interest  
11 on the projects. No purchaser of any bonds or notes under this act shall be in any way responsible  
12 for the proper application of the proceeds derived from the sale thereof. The proceeds of bonds or  
13 notes issued under this act, any applicable federal or state assistance and the other monies referred  
14 to in sections 6 and 9 shall be deemed appropriated for the purposes of this act without further  
15 action than that required by this act. In addition to such funds, there may be expended for the  
16 purposes of this act such other sums as may be appropriated therefor. The bonds authorized by this  
17 act may be consolidated for the purposes of issuance and sale with any other bonds of the city  
18 heretofore or hereafter authorized, provided that notwithstanding any such consolidation, the  
19 proceeds from the sale of the bonds authorized by this act shall be expended for the purposes set  
20 forth above. The director of finance and the mayor, on behalf of the city, are hereby authorized to  
21 execute such instruments, documents or other papers as either of them deem necessary or desirable  
22 to carry out the intent of this act and are also authorized to take all actions and execute all documents  
23 or agreements necessary to comply with federal tax and securities laws, which documents or  
24 agreements may have a term coextensive with the maturity of the bonds authorized hereby,  
25 including Rule 15c2-12 of the Securities and Exchange Commission and to execute and deliver a  
26 continuing disclosure agreement or certificate in connection with the bonds or notes.

27       SECTION 3. The city council may, by order or resolution authorizing the bonds or by  
28 separate order or resolution, authorize the issuance from time to time of interest bearing or  
29 discounted notes in anticipation of the issue of bonds under section 2 or in anticipation of the receipt  
30 of federal or state aid for the purposes of this act. The amount of original notes issued in anticipation  
31 of bonds may not exceed the amount of bonds which may be issued under this act and the amount  
32 of original notes issued in anticipation of federal or state aid may not exceed the amount of available  
33 federal or state aid as estimated by the director of finance. Temporary notes issued hereunder shall  
34 be signed by the manual or facsimile signature of the director of finance and countersigned by the

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

25 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu  
26 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city  
27 council given by an order or resolution, may, to the extent that bonds or notes may be issued  
28 hereunder, apply funds in the treasury of the city to the purposes specified in section 2, such  
29 advances to be repaid without interest from the proceeds of bonds or notes subsequently issued or  
30 from the proceeds of applicable federal or state assistance or from other available funds.

31 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable federal  
32 or state assistance, pending their expenditure, and may be deposited or invested by the city treasurer  
33 in demand deposits, time deposits or savings deposits in banks which are members of the Federal  
34 Deposit Insurance Corporation or in obligations issued or guaranteed by the United States of

1 America or by any agency or instrumentality thereof or as may be provided in any other applicable  
2 laws of the state of Rhode Island and by ordinance or resolution of the city council or pursuant to  
3 an investment policy of the city.

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

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

32 SECTION 8. Any bonds or notes issued under the provisions of this act, and coupons, if  
33 any, if properly executed by the officers of the city in office on the date of execution, shall be valid  
34 and binding according to their terms notwithstanding that before the delivery thereof and payment

1 therefor any or all of the officers shall for any reason have ceased to hold office.

2 SECTION 9. The city, acting by order or resolution of its city council is authorized to apply  
3 for, contract for and expend any federal or state advances or other grants of assistance which may  
4 be available for the purposes of this act, and any such expenditures may be in addition to other  
5 monies provided in this act. To the extent of any inconsistency between any law of this state and  
6 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with  
7 interest where applicable, whether contracted for prior to or after the effective date of this act, may  
8 be repaid as projects costs under section 2 of this act.

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

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

20 SECTION 12. The question of the approval of this act shall be submitted to the electors of  
21 the city at the general election to be held on November 3, 2020 or, if so determined by the city  
22 council, at a special city-wide election, other than a primary, held on a date to be determined by  
23 resolution or order of the city council: The question shall be submitted in substantially the following  
24 form: "Shall an act, passed at the 2020 session of the general assembly, entitled 'AN ACT  
25 AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE CONSTRUCTION,  
26 IMPROVEMENT, RENOVATION, REPAIR, ALTERATION, FURNISHING AND  
27 EQUIPPING OF PUBLIC BUILDINGS IN THE CITY BY THE ISSUANCE OF NOT MORE  
28 THAN \$1,000,000 GENERAL OBLIGATION BONDS AND NOTES THEREFOR' be  
29 approved?" and the warning for the election shall contain the question to be submitted. From the  
30 time the election is warned and until it is held, it shall be the duty of the city clerk to keep a copy  
31 of the act available at the city clerk's office for public inspection, but the validity of the election  
32 shall not be affected by this requirement. To the extent of any inconsistency between this act and  
33 the city charter, this act shall prevail.

34 SECTION 13. This section 13 and section 12 shall take effect upon passage. The remainder

- 1 of this act shall take effect upon the approval of this act by a majority of those voting on the question
- 2 at the election prescribed by section 12.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE CONSTRUCTION,  
IMPROVEMENT, RENOVATION, REPAIR, ALTERATION, FURNISHING AND  
EQUIPPING OF PUBLIC BUILDINGS IN THE CITY BY THE ISSUANCE OF NOT MORE  
THAN \$1,000,000 GENERAL OBLIGATION BONDS AND NOTES THEREFOR

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1           This act would authorize the city of Cranston to issue not more than one million dollars  
2 (\$1,000,000) general obligation bonds and temporary notes for the construction, improvement,  
3 renovation, repair, alteration, furnishing and equipping of public buildings in the city.

4           Sections 12 and 13 of the act would take effect upon passage. The remainder of the act  
5 would take effect upon approval by the electors of the city of the question provided for in section  
6 12.

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