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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 ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION, REPAIR AND ALTERATION OF PLAYGROUNDS, ATHLETIC FIELDS AND RELATED EQUIPMENT IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$2,000,000 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 two million dollars (\$2,000,000) 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 acquisition, construction, improvement, renovation, repair and alteration of playgrounds,  
8 athletic fields and related equipment in the city; or (2) In payment of the principal of or interest on  
9 temporary notes issued under section 3; or (3) In repayment of advances under section 4; (4) In  
10 payment of costs of issuance associated with the issuance of bonds or notes hereunder; and/or (5)  
11 To finance capitalized interest on the projects. No purchaser of any bonds or notes under this act  
12 shall be in any way responsible for the proper application of the proceeds derived from the sale  
13 thereof. The proceeds of bonds or notes issued under this act, any applicable federal or state  
14 assistance and the other monies referred to in sections 6 and 9 shall be deemed appropriated for the  
15 purposes of this act without further action than that required by this act. In addition to such funds,  
16 there may be expended for the purposes of this act such other sums as may be appropriated therefor.  
17 The bonds authorized by this act may be consolidated for the purposes of issuance and sale with  
18 any other bonds of the city heretofore or hereafter authorized, provided that notwithstanding any  
19 such consolidation, the proceeds from the sale of the bonds authorized by this act shall be expended  
20 for the purposes set forth above. The director of finance and the mayor, on behalf of the city, are  
21 hereby authorized to execute such instruments, documents or other papers as either of them deem  
22 necessary or desirable to carry out the intent of this act and are also authorized to take all actions  
23 and execute all documents or agreements necessary to comply with federal tax and securities laws,  
24 which documents or agreements may have a term coextensive with the maturity of the bonds  
25 authorized hereby, including Rule 15c2-12 of the Securities and Exchange Commission and to  
26 execute and deliver a continuing disclosure agreement or certificate in connection with the bonds  
27 or notes.

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

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

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

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

1 Deposit Insurance Corporation or in obligations issued or guaranteed by the United States of  
2 America or by any agency or instrumentality thereof or as may be provided in any other applicable  
3 laws of the state of Rhode Island and by ordinance or resolution of the city council or pursuant to  
4 an investment policy of the city.

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

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

33 SECTION 8. Any bonds or notes issued under the provisions of this act, and coupons, if  
34 any, if properly executed by the officers of the city in office on the date of execution, shall be valid

1 and binding according to their terms notwithstanding that before the delivery thereof and payment  
2 therefor any or all of the officers shall for any reason have ceased to hold office.

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

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

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

21 SECTION 12. The question of the approval of this act shall be submitted to the electors of  
22 the city at the general election to be held on November 3, 2020 or, if so determined by the city  
23 council, at a special city-wide election, other than a primary, held on a date to be determined by  
24 resolution or order of the city council. The question shall be submitted in substantially the following  
25 form: "Shall an act, passed at the 2020 session of the general assembly, entitled 'AN ACT  
26 AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE ACQUISITION,  
27 CONSTRUCTION, IMPROVEMENT, RENOVATION, REPAIR AND ALTERATION OF  
28 PLAYGROUNDS, ATHLETIC FIELDS AND RELATED EQUIPMENT IN THE CITY BY THE  
29 ISSUANCE OF NOT MORE THAN \$2,000,000 GENERAL OBLIGATION BONDS AND  
30 NOTES THEREFOR' be approved?" and the warning for the election shall contain the question to  
31 be submitted. From the time the election is warned and until it is held, it shall be the duty of the  
32 city clerk to keep a copy of the act available at the city clerk's office for public inspection, but the  
33 validity of the election shall not be affected by this requirement. To the extent of any inconsistency  
34 between this act and the city charter, this act shall prevail.

1           SECTION 13. This section 13 and section 12 shall take effect upon passage. The remainder  
2 of this act shall take effect upon the approval of this act by a majority of those voting on the question  
3 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 ACQUISITION,  
CONSTRUCTION, IMPROVEMENT, RENOVATION, REPAIR AND ALTERATION OF  
PLAYGROUNDS, ATHLETIC FIELDS AND RELATED EQUIPMENT IN THE CITY BY  
THE ISSUANCE OF NOT MORE THAN \$2,000,000 GENERAL OBLIGATION BONDS  
AND NOTES THEREFOR

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1           This act would authorize the city of Cranston to issue not more than two million dollars  
2 (\$2,000,000) general obligation bonds and temporary notes for the acquisition, construction,  
3 improvement, renovation, repair and alteration of playgrounds, athletic fields and related  
4 equipment in the city.

5           Sections 12 and 13 of the 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 12.

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