

2014 -- S 2959

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

AUTHORIZING THE TOWN OF NORTH SMITHFIELD TO FINANCE THE REPAIR AND REHABILITATION OF TOWN AND SCHOOL BUILDINGS AND ROAD INFRASTRUCTURE BY THE ISSUANCE OF NOT MORE THAN \$12,000,000 OF BONDS AND/OR NOTES THEREFOR

Introduced By: Senators E O'Neill, Cote, and P Fogarty

Date Introduced: May 01, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of North Smithfield is hereby empowered, in addition to authority
2 previously granted, to issue general obligation bonds and notes to an amount not exceeding
3 twelve million dollars (\$12,000,000) from time to time under its corporate name and seal. The
4 bonds of each issue may be issued in the form of serial bonds or term bonds or a combination
5 thereof and shall be payable either by maturity of principal in the case of serial bonds or by
6 mandatory serial redemption in the case of term bonds, in annual installments of principal, in
7 such installments as are fixed by the proceedings of the town council authorizing the issue or by
8 separate resolution of the town council. All such bonds of a particular issue may be issued in the
9 form of zero coupon bonds, capital appreciation bonds, serial bonds or term bonds or a
10 combination thereof, and may bear interest at a fixed rate or rates or at a variable or auction rate
11 or rates, as determined by the proceedings of the town council authorizing the issue or by separate
12 resolution of the town council. The bonds may be sold by a negotiated sale or by competitive bid
13 and issued pursuant to a resolution or an indenture of trust, as is determined by the proceedings of
14 the town council authorizing the issue or by separate resolution of the town council, provided that
15 the final maturity of such bonds shall not exceed thirty (30) years from and after the date the
16 bonds are issued. Annual installments of principal may be provided for by maturity of principal in
17 the case of serial bonds or by mandatory serial redemption in the case of term bonds. The amount

1 of principal appreciation each year on any bonds, after the date of original issuance, shall not be
2 considered to be principal indebtedness for the purposes of any constitutional or statutory debt
3 limit or any other limitation. The appreciation of principal after the date of original issue shall be
4 considered interest. Only the original principal amount shall be counted in determining the
5 principal amount so issued and any interest component shall be disregarded.

6 SECTION 2. The bonds shall be signed by the director of finance and the president of the
7 town council and shall be issued and sold in such amounts as the town council may authorize.
8 The manner of sale, denominations, maturities, interest rates and other terms, conditions and
9 details of any bonds or notes issued under this act may be fixed by the proceedings of the town
10 council authorizing the issue or by separate resolution of the town council or, to the extent
11 provisions for these matters are not so made, they may be fixed by the officers authorized to sign
12 the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the
13 director of finance, and such proceeds, exclusive of premiums and accrued interest, shall be
14 expended: (1) For the purpose of financing the repair and rehabilitation of town and school
15 buildings and road infrastructure; (2) In payment of the principal of and/or interest on temporary
16 notes issued under section 3; (3) In repayment of advances made pursuant to section 4; and/or (4)
17 In payment of costs of issuance associated with the issuance of bonds or notes hereunder. No
18 purchaser of any bonds or notes under this act shall be in any way responsible for the proper
19 application of the proceeds derived from the sale thereof. The proceeds of bonds or notes issued
20 under this act, any applicable federal or state assistance and the other monies referred to in
21 sections 6 and 9, shall be deemed appropriated for the purpose of this act without further action
22 than that required by this act. This bond issue authorized by this act may be consolidated for the
23 purpose of issuance and sale with any other bond issue of the town heretofore or hereafter
24 authorized, provided that, notwithstanding any such consolidation, the proceeds from the sale of
25 the bonds authorized by this act shall be expended for the purposes set forth above. The director
26 of finance and the president of the town council, on behalf of the town, are hereby authorized to
27 execute such instruments, documents or other papers as either of them deem necessary or
28 desirable to carry out the intent of this act and are also authorized to take all actions and execute
29 all documents or agreements necessary to comply with federal tax and securities laws, which
30 documents or agreements may have a term coextensive with the maturity of the bonds authorized
31 hereby, including Rule 15c2-12 of the Securities and Exchange Commission and to execute and
32 deliver a continuing disclosure agreement or certificate in connection with the bonds or notes.

33 SECTION 3. The town council may by resolution authorize the issue from time to time of
34 interest bearing or discounted notes in anticipation of the issue of bonds or in anticipation of the

1 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in
2 anticipation of bonds may not exceed the amount of bonds which may be issued under this act
3 and the amount of original notes issued in anticipation of federal or state aid may not exceed the
4 amount of available federal or state aid as estimated by the director of finance. Temporary notes
5 issued hereunder shall be signed by the director of finance and the president of the town council
6 and shall be payable within five (5) years from their respective dates, but the principal of and
7 interest on notes issued for a shorter period may be renewed or paid from time to time by the
8 issue of other notes hereunder, provided the period from the date of an original note to the
9 maturity of any notes issued to renew or pay the same debt or the interest thereon shall not exceed
10 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be
11 refunded prior to the maturity of the notes by the issuance of additional temporary notes, provided
12 that no such refunding shall result in any amount of such temporary notes outstanding at any one
13 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under
14 this act, and provided further that if the issuance of any such refunding notes results in any
15 amount of such temporary notes outstanding at any one time in excess of the amount of bonds
16 which may be issued under this act, the proceeds of such refunding notes shall be deposited in a
17 separate fund established with the bank which is paying agent for the notes being refunded.
18 Pending their use to pay the notes being refunded, monies in the fund shall be invested for the
19 benefit of the town by the paying agent at the direction of the director of finance in any
20 investment permitted under section 5. The monies in the fund and any investments held as a part
21 of the fund shall be held in trust and shall be applied by the paying agent solely to the payment or
22 prepayment of the principal of and interest on the notes being refunded. Upon payment of all
23 principal of and interest on the notes, any excess monies in the fund shall be distributed to the
24 town. The town may pay the principal of and interest on notes in full from other than the issuance
25 of refunding notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the
26 town's authority to issue bonds or notes in anticipation of bonds under this act shall continue
27 provided that: (1) The town council passes a resolution evidencing the town's intent to pay off the
28 notes; and (2) That the period from the date of an original note to the maturity date of any other
29 notes shall not exceed five (5) years.

30 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
31 of any authorization or issue of notes hereunder, the director of finance, with the approval of the
32 town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in the
33 treasury of the town to the purposes specified in section 2, such advances to be repaid without
34 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of

1 applicable federal or state assistance or from other available funds.

2 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
3 federal or state assistance, pending their expenditure, may be deposited or invested by the director
4 of finance in demand deposits, time deposits or savings deposits in banks which are members of
5 the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United
6 States of America or by any agency or instrumentality thereof or as may be provided in any other
7 applicable law of the state of Rhode Island or resolution of the town council or pursuant to an
8 investment policy of the town.

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

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

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

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

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

21 SECTION 11. The question of the approval of this act shall be submitted to the electors
22 of the town at the general election to be held on November 4, 2014 or at a general or special
23 election (other than a primary election) to be held on a date as shall be designated by the town
24 council. The question shall be submitted in substantially the following form: "Shall an act, passed
25 at the 2014 session of the general assembly, entitled 'AN ACT AUTHORIZING THE TOWN OF
26 NORTH SMITHFIELD TO FINANCE THE REPAIR AND REHABILITATION OF TOWN
27 AND SCHOOL BUILDINGS AND ROAD INFRASTRUCTURE BY THE ISSUANCE OF
28 NOT MORE THAN \$12,000,000 OF BONDS AND/OR NOTES THEREFOR' be approved?"
29 The warning for the election shall contain the question to be submitted. From the time the
30 election is warned and until it is held, it shall be the duty of the town clerk to keep a copy of the
31 act available at his or her office for public inspection, but the validity of the election shall not be
32 affected by this requirement. To the extent of any inconsistency between this act and the town
33 charter, this act shall prevail.

34 SECTION 12. Sections 11 and 12 shall take effect upon the passage of this act. The

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

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF NORTH SMITHFIELD TO FINANCE THE REPAIR AND REHABILITATION OF TOWN AND SCHOOL BUILDINGS AND ROAD INFRASTRUCTURE BY THE ISSUANCE OF NOT MORE THAN \$12,000,000 OF BONDS AND/OR NOTES THEREFOR

1 This act would authorize the town of North Smithfield to issue twelve million dollars
2 (\$12,000,000) of general obligation bonds and notes in order to finance the repair and
3 rehabilitation of town and school buildings and road infrastructure.

4 Sections 11 and 12 would take effect upon passage. The remainder of the act would take
5 effect upon approval of the act by the electors of the town of North Smithfield.

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