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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

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A N A C T

AUTHORIZING THE TOWN OF SMITHFIELD TO ISSUE NOT EXCEEDING \$5,700,000
GENERAL OBLIGATION BONDS OR NOTES FOR THE PURPOSES OF DEVELOPMENT
AND CONSTRUCTION OF A WIND TURBINE

Introduced By: Senator John J. Tassoni

Date Introduced: June 04, 2010

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1 The Town of Smithfield is hereby empowered, in addition to authority
2 previously granted, to issue its general obligation bonds and notes to an amount not exceeding
3 five million seven hundred thousand dollars (\$5,700,000) at one time or from time to time under
4 its corporate name and seal or a facsimile of such seal to finance the development and
5 construction of a wind turbine and related costs as more fully set forth in section two. The bonds
6 of each issue shall mature in annual installments of principal, the first installment to be not later
7 than three (3) years and the last installment not later than twenty-five (25) years after the date of
8 the bonds. For each issue, the amounts payable annually for principal and interest combined shall
9 be as nearly equal from year to year as is practicable in the opinion of the officers authorized to
10 issue the bonds or shall be arranged in accordance with a schedule providing for a more rapid
11 amortization of principal.

12 SECTION 2. The bonds shall be signed by the finance director and countersigned by the
13 town manager and the town council president and shall be issued and sold in such amounts as the
14 town council may authorize by majority vote of all its members. The amount of the bond issue,
15 manner of sale, denominations, maturities, interest rate or rates, award and other terms, conditions
16 and details of any bonds or notes issued under this act may be fixed by the proceedings of the
17 town council authorizing their issue or by separate resolution of the town council or, to the extent
18 provisions for these matters are not so made, they may be fixed by the officers authorized to sign

1 the bonds. The town council may provide that any bonds issued under this act and any other
2 authorized issue of bonds of the town may be consolidated and issued at the same time as a single
3 bond issue, provided that the last installment of the portion of any such consolidated issue that is
4 allocable to the bonds issued under this act shall not be later than the times specified by the
5 applicable provisions hereof. The bonds may be made callable with or without premium. The
6 proceeds derived from the sale of the bonds shall be delivered to the finance director, and such
7 proceeds, exclusive of premiums and accrued interest, shall be expended for costs of the
8 development and construction of a wind turbine and/or related purposes (hereinafter referred to as
9 the project) if approved by the voters in accordance with Section 11 hereof, including all other
10 costs incidental and related to the foregoing project and its financing pursuant to this act
11 including, but not limited to, the payment of the principal of or interest on temporary notes issued
12 under section three and the repayment of advances made under section four. No purchaser of any
13 bonds or notes under this act shall be in any way responsible for the proper application of the
14 proceeds derived from the sale thereof. The project shall be carried out and all contracts made
15 therefor on behalf of the town by the town council, or as may be authorized by the town council.
16 The proceeds of bonds or notes issued under this act, any applicable federal or state assistance
17 and any other monies referred to in sections five or six shall be deemed appropriated for the
18 purposes of this act without further action than that required by this act.

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

1 refunding notes results in any amount of such temporary notes outstanding at any one time in
2 excess of the amount of bonds which may be issued under this act, the proceeds of such refunding
3 notes shall be deposited in a separate fund established with the bank which is paying agent for the
4 notes being refunded. Pending their use to pay the notes being refunded, moneys in the fund shall
5 be invested for the benefit of the town by the paying agent at the direction of the finance director
6 in any investment permitted under section five. The moneys in the fund and any investments held
7 as a part of the fund shall be held in trust and shall be applied by the paying agent solely to the
8 payment or prepayment of the principal of and interest on the notes being refunded. Upon
9 payment of all principal of and interest on the notes, any excess moneys in the fund shall be
10 distributed to the town. The period for which bonds may be issued under this act need not be
11 reduced by the period of any temporary loans hereunder. The proceeds derived from the sale of
12 such temporary notes shall be used only for the purposes for which the proceeds of bonds issued
13 under this act may be used.

14 SECTION 4. Pending any issue of bonds or notes hereunder, the finance director, with
15 the approval of the town council, may, to the extent that bonds or notes may be issued hereunder,
16 apply funds in the treasury of the town for the purposes specified in section two, such advances to
17 be repaid without interest from the proceeds of bonds or notes subsequently issued or from the
18 proceeds of applicable federal or state assistance or from other available funds.

19 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
20 federal or state assistance, pending their expenditure, may be deposited or invested by the finance
21 director in demand deposits, time deposits or savings deposits in banks which are members of the
22 federal deposit insurance corporation, in obligations issued or guaranteed by the United States of
23 America or the State of Rhode Island, or by an agency, instrumentality or political subdivision of
24 either of them, or as may be provided in any other applicable law of the State of Rhode Island.

25 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
26 shall be applied to the payment of the first interest due thereon. Any premiums arising from the
27 sale of bonds or notes hereunder shall, in the discretion of the finance director, be applied to the
28 cost of preparing, issuing and marketing bonds or notes hereunder to the extent not otherwise
29 provided, to the payment of the cost of the project, to the payment of the principal of or interest
30 on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of preparing,
31 issuing and marketing bonds or notes hereunder may also, in the discretion of the finance
32 director, be met from bond or note proceeds exclusive of premiums and accrued interest or from
33 other monies available therefor. Any balance of bond or note proceeds remaining after payment
34 of the cost of the project and the cost of preparing, issuing and marketing bonds or notes

1 hereunder may be applied to the payment of the principal of or interest on bonds or notes issued
2 hereunder. Any earnings or net profit realized from the deposit or investment of funds hereunder
3 shall upon receipt be added to and used for the same purposes as the proceeds of bonds or notes
4 issued hereunder. In exercising any discretion under this section, the finance director shall be
5 governed by any instructions adopted by resolution of the town council. The finance director is
6 authorized to take any action deemed by him or her necessary to assure that interest on the bonds
7 or notes issued hereunder remains excludable from gross income of the recipients thereof for
8 federal income tax purposes, including, without limitation, paying to the federal government any
9 rebate of earnings derived from the deposit or investment of the proceeds of such bonds or notes
10 that may be required therefor.

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

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

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

32 SECTION 10. Bonds and notes may be issued under this act without obtaining the
33 approval of any governmental agency or the taking of any proceedings or the happening of any
34 conditions except as specifically required by this act for such issue. In carrying out any project

1 financed in whole or in part under this act, all action shall be taken which is necessary to meet
2 constitutional requirements whether or not such section is otherwise required by statute, but the
3 validity of bonds and notes issued hereunder shall in no way depend upon the validity or
4 occurrence of such action.

5 SECTION 11. Should the Smithfield Town Council so direct by resolution, the question
6 of the approval of the project set forth in section 2 hereof shall be submitted to the voters at a
7 general or special election, or at a financial town meeting, as determined by said resolution of the
8 Town Council. The question shall be submitted in substantially the following form:

9 "Shall an act, passed at the 2010 session of the general assembly, authorizing the Town
10 of Smithfield to issue not exceeding \$5,700,000 General Obligation Bonds or Notes for the
11 Purposes of Development and Construction of a Wind Turbine Be Approved?"

12 Unless the aforementioned resolution is adopted by the Smithfield Town Council, the
13 stated question shall not be submitted to the voters as aforesaid.

14 The warning for the election or financial town meeting shall contain the question to be
15 submitted. From the time the election or financial town meeting is warned and until it is held, it
16 shall be the duty of the town clerk to keep a copy of this act available at his or her office for
17 public inspection, but the validity of the vote taken at the election or financial town meeting shall
18 not be affected by this requirement.

19 SECTION 12. This section and section 11 shall take effect upon the passage of this act.
20 The remainder of this act shall take effect upon the approval of the question listed in section 11
21 hereof by a majority of those voting on the question as prescribed by the foregoing section.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF SMITHFIELD TO ISSUE NOT EXCEEDING \$5,700,000
GENERAL OBLIGATION BONDS OR NOTES FOR THE PURPOSES OF DEVELOPMENT
AND CONSTRUCTION OF A WIND TURBINE

1 This act would authorize the town of Smithfield to issue not exceeding five million seven
2 hundred thousand dollars (\$5,700,000) general obligation bonds or notes for the purposes of
3 development and construction of a wind turbine.

4 Sections 11 and 12 would take effect upon the passage of this act. The remainder of this
5 act would take effect upon the approval of the question listed in section 11 hereof by a majority of
6 those voting on the question.

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