

**2018 -- H 8228**

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LC005691  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2018**

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**A N A C T**

AUTHORIZING THE CITY OF PAWTUCKET TO ISSUE NOT TO EXCEED \$220,000,000 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, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 75% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE SCHOOL BUILDING AUTHORITY CAPITAL FUND

Introduced By: Representatives Messier, Johnston, Barros, Tobon, and Coughlin

Date Introduced: May 23, 2018

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The city of Pawtucket 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 two hundred twenty million dollars (\$220,000,000) from time to time  
4 under its corporate name and seal or a facsimile of such seal; provided, however, that bonds shall  
5 not be issued unless the conditions of section 2 hereof as to the level of state aid are met. The  
6 bonds of each issue may be issued in the form of serial bonds or term bonds or a combination  
7 thereof and shall be payable either by maturity of principal in the case of serial bonds or by  
8 mandatory sinking fund installments in the case of term bonds, in annual installments of  
9 principal, the first installment to be not later than three (3) years and the last installment not later  
10 than thirty (30) years after the date of the bonds.

11           SECTION 2. The city may be eligible for school housing aid reimbursement on debt  
12 service pursuant to chapter 7 of title 16, or for a grant, loan or other "financial assistance" as  
13 defined in § 45-38.2-1(6), from the School Building Authority Capital Fund under chapter 38.2 of  
14 chapter 45. The amount of borrowing authorized pursuant to this act shall be reduced by the  
15 amount of any grant received by the city from the School Building Authority Capital Fund.

1 Bonds, notes or other evidences of indebtedness shall not be issued under this act unless the city  
2 has received a letter from the Rhode Island Department of Education ("RIDE") confirming that  
3 the then-current school housing aid reimbursement rate under chapter 7 of title 16, as amended  
4 from time to time, or financial assistance from the School Building Authority Capital Fund, or  
5 pursuant to any other law hereafter enacted providing for funds to municipalities for school  
6 housing purposes, is not less than seventy-five percent (75%) of debt service for those  
7 expenditures which are eligible for state aid.

8 SECTION 3. The bonds shall be signed by the city treasurer and by the manual or  
9 facsimile signature of the mayor and be issued and sold in such amounts as the city council may  
10 determine by resolution. The manner of sale, denominations, maturities, interest rates and other  
11 terms, conditions and details of any bonds or notes issued under this act may be fixed by the  
12 proceedings of the city council authorizing the issue or by separate resolution of the city council  
13 or, to the extent provisions for these matters are not so made, they may be fixed by the officers  
14 authorized to sign the bonds. Notwithstanding anything contained in this act to the contrary, the  
15 city may enter into financing agreements with the Rhode Island Health and Educational Building  
16 Corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45 and, with respect to notes  
17 or bonds issued in connection with such financing agreements, if any, the city may elect to have  
18 the provisions of chapter 38.1 of title 45 apply to the issuance of the bonds or notes issued  
19 hereunder to the extent the provisions of chapter 38.1 of title 45 are inconsistent herewith. In  
20 addition, the city may enter into financing agreements with the Rhode Island Infrastructure Bank  
21 pursuant to the provisions of chapter 12.2 of title 46 and, with respect to notes or bonds issued in  
22 connection with such financing agreements, if any, the city may elect to have the provisions of  
23 chapter 12.2 of title 46 apply to the issuance of the bonds or notes issued hereunder to the extent  
24 the provisions of chapter 12.2 of title 46 are inconsistent herewith. Such election may be fixed by  
25 the proceedings of the city council authorizing such issuance or by separate resolution of the city  
26 council, or, to the extent provisions for these matters are not so made, they may be fixed by the  
27 officers authorized to sign the bonds or notes. The proceeds derived from the sale of the bonds  
28 shall be delivered to the city treasurer, and such proceeds, exclusive of premiums and accrued  
29 interest, shall be expended: (1) For the construction, renovation, improvement, alteration, repair,  
30 furnishing and equipping of schools and school facilities throughout the city of Pawtucket and all  
31 costs related thereto (the "projects"); (2) In payment of the principal of or interest on temporary  
32 notes issued under section 4; (3) In repayment of advances under section 5; (4) In payment of  
33 related costs of issuance of any bonds or notes; and/or (5) In payment of capitalized interest  
34 during construction of the projects. No purchaser of any bonds or notes under this act shall be in

1 any way responsible for the proper application of the proceeds derived from the sale thereof. The  
2 proceeds of bonds or notes issued under this act, any applicable federal or state assistance and the  
3 other monies referred to in sections 7 and 10 shall be deemed appropriated for the purposes of  
4 this act without further action than that required by this act.

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

1 off the notes without extinguishing the authority to issue bonds or notes; and (2) That the period  
2 from the date of an original note to the maturity date of any other note shall not exceed five (5)  
3 years. Section 5-106 of the city charter shall not apply to the issue of notes in anticipation of  
4 bonds.

5 SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu  
6 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city  
7 council may, to the extent that bonds or notes may be issued hereunder, apply funds in the general  
8 treasury of the city to the purposes specified in section 3, such advances to be repaid without  
9 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of  
10 applicable federal or state assistance or from other available funds.

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

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

1 treasurer shall be governed by any instructions adopted by resolution of the city council. Any  
2 balance of bond or note proceeds remaining after completion of the projects shall be subject to  
3 section 5-109 of the city charter.

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

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

18 SECTION 10. The city, acting by resolution of its city council is authorized to apply for,  
19 contract for and expend any federal or state advances or other grants of assistance which may be  
20 available for the purposes of this act, and any such expenditures may be in addition to other  
21 monies provided in this act. To the extent of any inconsistency between any law of this state and  
22 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with  
23 interest where applicable, whether contracted for prior to or after the effective date of this act,  
24 may be repaid as a cost of the projects under section 3.

25 SECTION 11. Bonds and notes may be issued under this act without obtaining the  
26 approval of any governmental agency or the taking of any proceedings or the happening of any  
27 conditions except as specifically required by this act for such issue. In carrying out any project  
28 financed in whole or in part under this act, including where applicable the condemnation of any  
29 land or interest in land, and in the levy and collection of assessments or other charges permitted  
30 by law on account of any such project, all action shall be taken which is necessary to meet  
31 constitutional requirements whether or not such action is otherwise required by statute, but the  
32 validity of bonds and notes issued hereunder shall in no way depend upon the validity or  
33 occurrence of such action. Without limiting the generality of the foregoing, the validity of bonds  
34 and notes issued hereunder shall in no way be affected by section 2-308 of the city charter and

1 section 4-1602 of the city code of ordinances, and the purposes of this act shall be deemed to  
2 constitute a single project under article V of the city charter.

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 next general election on November 6, 2018, but if a special city-wide election or  
17 special state election, in either case other than a primary, is called for a date earlier than the date  
18 of such general election, the mayor may direct that the question of the approval of this act be  
19 submitted at such special election. The question shall be submitted in substantially the following  
20 form: "Shall an act passed at the 2018 session of the general assembly entitled 'AN ACT  
21 AUTHORIZING THE CITY OF PAWTUCKET TO ISSUE NOT TO EXCEED \$220,000,000  
22 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF  
23 INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT,  
24 ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL  
25 FACILITIES THROUGHOUT THE CITY, SUBJECT TO APPROVAL OF STATE HOUSING  
26 AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN  
27 75% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE  
28 AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE  
29 SCHOOL BUILDING AUTHORITY CAPITAL FUND' be approved?" and the warning for the  
30 election shall contain the question to be submitted. From the time the election is warned and until  
31 it is held, it shall be the duty of the city clerk to keep a copy of the act available at the clerk's  
32 office for public inspection, but the validity of the election shall not be affected by this  
33 requirement. To the extent of any inconsistency between this act and the city charter or any law of  
34 special applicability to the city, this act shall prevail.

1           SECTION 15. This act shall constitute an enabling act of the general assembly that is  
2 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under  
3 this act for school projects shall not be eligible for state housing aid reimbursement pursuant to §  
4 16-7-44 unless the school projects described herein have been approved by RIDE.

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

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF PAWTUCKET TO ISSUE NOT TO EXCEED \$220,000,000  
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, SUBJECT TO APPROVAL OF STATE HOUSING  
AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN  
75% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE  
AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE  
SCHOOL BUILDING AUTHORITY CAPITAL FUND

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1           This act authorizes the city of Pawtucket to issue not more than \$220,000,000 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 Pawtucket and all costs related thereto. The city may be eligible  
5 for school housing aid reimbursement pursuant to chapter 7 of title 16, or from the School  
6 Building Authority Capital Fund under chapter 38.2 of chapter 45. The amount of borrowing  
7 authorized pursuant to this chapter shall be reduced by the amount of any grant received by the  
8 city from the School Building Authority Capital Fund and the issuance of bonds, notes and other  
9 evidences of indebtedness shall be subject to approval of state housing aid at a reimbursement  
10 rate or state share ratio of not less than 75% for expenditures eligible for state aid at the time the  
11 time the indebtedness is issued.

12           This act shall constitute an enabling act of the general assembly that is required pursuant  
13 to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under this act for school  
14 projects shall not be eligible for state housing aid reimbursement pursuant to § 16-7-44 unless the  
15 school projects described herein have been approved by the Rhode Island Department of  
16 Education.

17           Sections 14 and 16 shall take effect upon passage. The remainder of the act would take  
18 effect upon approval of the question provided for in section 14.

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