

2021 -- H 6408 SUBSTITUTE A

LC002991/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO SCHOOL CONSTRUCTION AND FINANCING IN THE CITY OF CENTRAL FALLS AND AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED \$5,760,000 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 IN THE CITY

Introduced By: Representatives Giraldo, and McLaughlin

Date Introduced: June 09, 2021

Referred To: House Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 WHEREAS, Pursuant to Article XII of the Rhode Island Constitution, it is the duty of the
2 State of Rhode Island and the Rhode Island General Assembly to promote public schools as the
3 diffusion of knowledge is essential to the preservation of the rights and liberties of the Rhode Island
4 people; and

5 WHEREAS, It is the duty of the State of Rhode Island and the Rhode Island General
6 Assembly to adopt all means which they deem necessary and proper to secure to the people, the
7 advantages and opportunities of education and guarantee adequate public school housing for all
8 public school children in the state; and

9 WHEREAS, School facilities provide more than a place for instruction. The physical
10 learning environment contributes to the successful performance of educational programs designed
11 to meet students' educational needs and good educational outcomes depend on safe healthy school
12 buildings. Every student needs a safe, healthy, and sanitary learning environment that promotes
13 student learning and development; and

14 WHEREAS, School buildings in the city of Central Falls Rhode Island are in need of major
15 repairs and upgrades, presently interfere with the effective operation of schools and negatively
16 affect the health safety and welfare of the children of Central Falls; and

1 WHEREAS, Due to various financial hardships of the city of Central Falls, the city is not
2 able to finance the construction, renovation, improvement, alteration, repair, furnishing and
3 equipping of schools and school facilities in the city without certain legislative changes and support
4 from the State of Rhode Island;

5 It is enacted and resolved by the General Assembly as follows:

6 SECTION 1. Sections 1 through 3 of this act shall serve as the joint resolution required
7 pursuant to Rhode Island General Laws §35-18-1, et seq (the “Rhode Island Public Corporation
8 Debt Management Act”).

9 SECTION 2. City of Central Falls School Project.

10 WHEREAS, The WHEREAS clauses in paragraphs 1 through 5 hereof are hereby
11 incorporated herein by reference.

12 WHEREAS, The City of Central Falls is proposing a project consisting of the construction,
13 renovation, improvement, alteration, repair, furnishing and equipping of schools and school
14 facilities in the city; and

15 WHEREAS, The Project will be financed through the Rhode Island Health and Educational
16 Building Corporation (the “Corporation”) under its school financing revenue bond program, with
17 an expected term of not to exceed thirty (30) years and it is anticipated that the State will be a
18 signatory to the Financing Agreement with the Rhode Island Health and Educational Building
19 Corporation; and

20 WHEREAS, It is anticipated that the State’s obligations under the Financing Agreement
21 will be subject to appropriation therefor by the General Assembly in each budget year; and

22 WHEREAS, The Rhode Island Public Corporation Debt Management Act requires the
23 General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island
24 of certain obligations, including financing guarantees or other agreements; and

25 WHEREAS, The total project costs and costs of financing covered by the Financing
26 Agreement are not expected to exceed \$144,000,000. Debt service payments will be supported by
27 revenues received by the Corporation under the Financing Agreement which include annual
28 appropriations for debt service made by the State, state school construction aid payments and state
29 school operations aid payments if any, pursuant to chapter 7 of title 16 of the Rhode Island general
30 laws and payments from the City of Central Falls under the Financing Agreement. Total debt
31 service on the bonds is not expected to exceed \$9,400,000 annually and \$281,000,000 in the
32 aggregate based on an average interest rate of five percent (5.00%); now, therefor be it

33 RESOLVED, That this General Assembly hereby approves the financing in a principal
34 amount up to \$144,000,000 for the Central Falls School Project; and be it further

1 RESOLVED, That the State, acting through the general treasurer may execute the
2 Financing Agreement as contemplated herein and any other agreements necessary to effectuate the
3 purposes of this act; and be it further

4 RESOLVED, That the Bonds will be special obligations of the Corporation payable from
5 funds received by the Corporation under the Financing Agreement and other revenues received by
6 the Corporation, in any combination or priority as may be designated in the proceedings of the
7 Corporation authorizing the issuance of such debt. The total debt service on the Bonds is estimated
8 to average approximately nine million four hundred thousand dollars (\$9,400,000) per year or
9 approximately two hundred eighty-one million dollars (\$281,000,000) in the aggregate, at an
10 average interest rate of approximately five percent (5%) and an approximately thirty (30) year
11 maturity; and be it further

12 RESOLVED, That the Bonds will not constitute indebtedness of the State or any of its
13 subdivisions or a debt for which the full faith and credit of the State or any of its subdivisions is
14 pledged. This act shall constitute an enabling act of the general assembly that is required pursuant
15 to § 16-7-44; and be it further

16 RESOLVED, That the State's authority to incur the obligations set forth herein will expire
17 within five (5) years of the date of passage of this Act if such financing transaction is not executed
18 prior to that date.

19 SECTION 3. Sections 1, 2, and this Section 3 of this act shall take effect upon the passage.

20 SECTION 4. Sections 4 through 19 of this act shall be entitled "AN ACT AUTHORIZING
21 THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED \$5,760,000 GENERAL
22 OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO
23 FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION,
24 REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN
25 THE CITY".

26 SECTION 5. The city of Central Falls is hereby empowered, in addition to authority
27 previously granted, to issue bonds in an amount not exceeding five million seven hundred sixty
28 dollars (\$5,760,000) from time to time under its corporate name and seal. The bonds of each issue
29 may be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term
30 bonds or a combination thereof and shall be payable either by maturity of principal in the case of
31 serial bonds or by mandatory serial redemption in the case of term bonds, in installments of
32 principal, the first installment to be not later than five (5) years and the last installment not later
33 than thirty (30) years after the date the bonds are issued. All such bonds may bear interest at a fixed
34 rate or rates or at a variable or auction rate or rates. The bonds may be sold by a negotiated sale or

1 by competitive bid and issued pursuant to a resolution or an indenture of trust. Annual installments
2 of principal may be provided for by maturity of principal in the case of serial bonds or by mandatory
3 serial redemption in the case of term bonds. The amount of principal appreciation each year on any
4 bonds, if any after the date of original issuance, shall not be considered to be principal indebtedness
5 for the purposes of any constitutional or statutory debt limit or any other limitation. The
6 appreciation of principal after the date of original issue shall be considered interest. Only the
7 original principal amount shall be counted in determining the principal amount so issued and any
8 interest component shall be disregarded.

9 SECTION 6. This act shall constitute an enabling act of the general assembly that is
10 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under
11 this act for school projects shall not be eligible for state housing aid reimbursement pursuant to §
12 16-7-44 unless the school projects described herein have been approved by the Rhode Island
13 Department of Elementary and Secondary Education pursuant to § 16-7-36(2).

14 SECTION 7. The bonds shall be signed by the mayor and the director of finance and shall
15 be issued and sold in such amounts as the city council may authorize. The manner of sale,
16 denominations, maturities, interest rates and other terms, conditions and details of any bonds or
17 notes issued under this act may be fixed by the proceedings of the city council authorizing the issue
18 or by separate resolution of the city council or, to the extent provisions for these matters are not so
19 made, they may be fixed by the officers authorized to sign the bonds or notes. Notwithstanding
20 anything contained in this act to the contrary, the city may enter into financing agreements with the
21 Rhode Island Health and Educational Building Corporation pursuant to chapter 7 of title 16 and
22 chapter 38.1 of title 45 and, with respect to bonds or notes issued in connection with such financing
23 agreements, if any, the city may elect to have the provisions of chapter 38.1 of title 45 apply to the
24 issuance of the bonds or notes issued hereunder to the extent the provisions of chapter 38.1 of title
25 45 are inconsistent herewith. Such election may be fixed by the proceedings of the city council
26 authorizing such issuance of by separate resolution of the city council, or, to the extent provisions
27 for these matters are not so made, they may be fixed by the officers authorized to sign the bonds or
28 notes. The proceeds derived from the sale of the bonds shall be delivered to the director of finance,
29 and such proceeds exclusive of premiums and accrued interest shall be expended:

30 (1) For the construction, renovation, improvement, alteration, repair furnishing and
31 equipping of schools and school facilities in the city and all costs related thereto either directly or
32 as a reimbursement to the state to the extent the state pays for and or finances such costs hereunder;

33 (2) For payment of the principal or interest on temporary notes issued under section 8;

34 (3) In payment of capitalized interest on bonds or notes;

1 (4) In repayment of advances under section 9; or

2 (5) In payment of related costs of issuance of any bonds or notes. No purchaser of any
3 bonds or notes under this act shall be in any way responsible for the proper application of the
4 proceeds derived from the sales thereof. The project shall be carried out and all contracts made
5 therefor on behalf of the city by the mayor, subject to approval of the city council. The proceeds of
6 bonds or notes issued under this act, any applicable federal or state assistance and other monies
7 referred to in section 10 and 14, shall be deemed appropriated for the purposes of this act without
8 further action than that required by this act. The bond issue authorized by this act may be
9 consolidated for the purposes of issuance and sale with any other bond issue of the city heretofore
10 or hereafter authorized; provided that, notwithstanding any such consolidation, the proceeds from
11 the sale of the bonds authorized by this act shall be expended for the purposes set forth above.

12 SECTION 8. The city council may by resolution authorize the issue from time to time of
13 interest bearing or discounted notes in anticipation of the issue of bonds or in anticipation of the
14 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in
15 anticipation of bonds may not exceed the amount of bonds which may be issued under this act, and
16 the amount of original notes issued in anticipation of federal or state aid may not exceed the amount
17 of available federal or state aid as estimated by the director of finance. Temporary notes issued
18 hereunder shall be signed by the manual or facsimile signatures of the director of finance and the
19 mayor, shall be payable within five (5) years from their respective dates, but the principal of and
20 interest on notes issued for a shorter period may be renewed or paid from time to time by the issue
21 of other notes thereunder provided the period from the date of an original note to the maturity or
22 any note issued to renew or pay the same debt or the interest thereon shall not exceed five (5) years.
23 Any temporary notes in anticipation of bonds issued under this section may be refunded prior to
24 the maturity of the notes by the issuance of additional temporary notes, provided that no such
25 refunding shall result in any amount of such temporary notes outstanding at any one time in excess
26 of two hundred percent (200%) of the amount of bonds which may be issued under this act; and
27 provided, further that, if the issuance of any such refunding notes results in any amount of such
28 temporary notes outstanding at any one time in excess of the amount of bonds which may be issued
29 under this act, the proceeds of such refunding notes shall be deposited in a separate fund established
30 with the bank which is paying agent for the notes being refunded. Pending their use to pay the notes
31 being refunded, monies in the fund shall be invested for the benefit of the city by the paying agent
32 at the direction of the director of finance in any investment permitted under section 10. The monies
33 in the fund and any investments held as a part of the fund shall be held in trust and shall be applied
34 by the paying agent solely to the payment or prepayment of the principal of and interest on the

1 notes being refunded. Upon payment of all principal of and interest on the notes, any excess monies
2 in the fund shall be distributed to the city. The city may pay the principal of and interest on notes,
3 in full, from other than the issuance of refunding notes prior to the issuance of bonds pursuant to
4 section 5 hereof. In such case, the city's authority to issue bonds or notes in anticipation of bonds
5 under this act shall continue provided that:

6 (1) The city council passes a resolution evidencing the city's intent to pay off the notes
7 without extinguishing the authority to issue bonds or notes; and

8 (2) That the period from the date of an original note to the maturity date of any other note
9 shall not exceed five (5) years.

10 SECTION 9. Pending any authorization or issue of bonds hereunder or pending or in lieu
11 of any authorization or issue of notes hereunder, the director of finance, with the approval of the
12 city council, may, to the extent that bonds or notes may be issued hereunder, apply funds in the
13 treasury of the city to the purposes specified in section 7, such advances to be repaid without interest
14 from the proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal
15 or state assistance or from other available funds.

16 SECTION 10. Any proceeds of bonds or notes issued hereunder or of any applicable
17 federal or state assistance, pending their expenditure, may be deposited or invested by the director
18 of finance in demand deposits, time deposits or savings deposits in banks which are members of
19 the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United
20 States of America or by any agency or instrumentality thereof or as may be provided in any other
21 applicable law of the State of Rhode Island or resolution of the city council or pursuant to an
22 investment policy of the city.

23 SECTION 11. Any accrued interest received upon the sale of bonds or notes hereunder
24 shall be applied to the payment of the first interest due thereon. Any premiums arising from the
25 sale of bonds or notes hereunder and any earnings or net profit realized from the deposit or
26 investment of funds hereunder shall, in the discretion of the director of finance, be applied to the
27 cost of preparing, issuing, and marketing bonds or notes hereunder to the extent not otherwise
28 provided, to the payment of the cost of the project, to the costs of additional improvements coming
29 within the description of the project, to the payment of the principal of or interest on bonds or notes
30 issued hereunder or to any one or more of the foregoing. The cost of preparing, issuing and
31 marketing bonds or notes hereunder may also, in the discretion of the director of finance, be met
32 from bond or note proceeds exclusive of accrued interest or from other monies available therefor.
33 Any balance of bond or note proceeds remaining after payment of the cost of the projects and the
34 cost of preparing, issuing and marketing bonds or notes hereunder shall be applied to the payment

1 of the principal of or interest on bonds or notes issued hereunder. To the extent permitted by
2 applicable federal laws, any earnings or net profit realized from the deposit or investment of funds
3 hereunder may, upon receipt, be added to and dealt with as part of the revenues of the city from
4 property taxes. In exercising any discretion under this section, the director of finance shall be
5 governed by any instructions adopted by resolution of the city council.

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

16 SECTION 13. Any bonds or notes issued under the provisions of this act, if properly
17 executed by officers of the city in office on the date of execution, shall be valid and binding
18 according to their terms notwithstanding that before the delivery thereof and payment therefor any
19 or all of such officers shall for any reason have ceased to hold office.

20 SECTION 14. The city, acting by resolution of its city council is authorized to apply for,
21 contract for and expend any federal or state advances or other grants or assistance which may be
22 available for the purposes of this act, and any such expenditures may be in addition to other monies
23 provided in this act. To the extent of any inconsistency between any law of this state and any
24 applicable federal law or regulation, the latter shall prevail. Federal and state advances, with interest
25 where applicable, whether contracted for prior to or after the effective date of this act, may be
26 repaid as project costs under section 7.

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

1 SECTION 16. All or any portion of the authority to issue bonds and notes under this act
2 may be extinguished by resolution of the city council, without further action by the general
3 assembly seven (7) years after the effective date of this act.

4 SECTION 17. The director of finance and the mayor, on behalf of the city, are hereby
5 authorized to execute such documents or other papers as either of them deem necessary or desirable
6 to carry out the intent of this act and are also authorized to take all actions and execute all documents
7 or agreements necessary to comply with federal tax and securities laws, which documents or
8 agreements may have a term coextensive with the maturity of the bonds authorized hereby,
9 including Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to execute
10 and deliver a continuing disclosure agreement or certificate in connection with the bonds or notes
11 in the form as shall be deemed advisable by such officers in order to comply with the Rule.

12 SECTION 18. The question of the approval of sections 4 through 17 of this act shall be
13 submitted to the electors of the city at the election to be held on November 2, 2021, or at a special
14 election (other than a primary), on a date as shall be designated by the city council. The question
15 shall be submitted in substantially the following form: "Shall an Act, passed at the 2021 session of
16 the General Assembly, entitled, 'AN ACT AUTHORIZING THE CITY OF CENTRAL FALLS
17 TO ISSUE NOT TO EXCEED \$5,760,000 GENERAL OBLIGATION BONDS, NOTES AND
18 OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION,
19 RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND
20 EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY' be approved?" and the
21 warning for the election shall contain the question to be submitted. From the time the election is
22 warned and until it is held, it shall be the duty of the city clerk to keep a copy of the act available
23 at his/her office for public inspection, but the validity of the election shall not be affected by this
24 requirement.

25 SECTION 19. Sections 1 through 3 and sections 18 and 19 of this act shall take effect upon
26 the passage. Sections 4 through 17 of this act shall take effect upon the approval of this act by a
27 majority of those voting on the question at the election prescribed by section 18.

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LC002991/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO SCHOOL CONSTRUCTION AND FINANCING IN THE CITY OF
CENTRAL FALLS AND AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT
TO EXCEED \$5,760,000 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 IN THE CITY

1 This act would serve as the joint resolution required pursuant to Rhode Island General
2 Laws §35-18-1, et seq (the “Rhode Island Public Corporation Debt Management Act”) for the City
3 of Central Falls School Project hereafter defined.

4 This act would also authorizes the City of Central Falls to issue bonds notes or other
5 evidences of indebtedness in an amount not to exceed five million seven hundred sixty thousand
6 dollars (\$5,760,000) to finance the construction, renovation, improvement, alteration, repair,
7 furnishing and equipping of schools and school facilities in the city. (the “City of Central Falls
8 School Project”).

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

13 Sections 1 through 3 and sections 18 and 19 of the act shall take effect upon passage.
14 Sections 4 through 17 of the act shall take effect upon the approval of the act by a majority of those
15 voting on the question at the election prescribed by section 18 of the act.

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