ARTICLE 5

RELATING TO CAPITAL DEVELOPMENT PROGRAM

SECTION 1. **Proposition to be submitted to the people.** -- At the general election to be held on the Tuesday next after the first Monday in November 2012, there shall be submitted to the people for their approval or rejection the following proposition:

"Shall the action of the general assembly, by an act passed at the January 2012 session, authorizing the issuance of bonds, refunding bonds, and temporary notes of the state for the capital projects and in the amount with respect to each such project listed below be approved, and the issuance of bonds, refunding bonds, and temporary notes authorized in accordance with the provisions of said act?"

Project

(1) Higher Education Facilities............................................................................................................ $50,000,000

Approval of this question will allow the State of Rhode Island to issue general obligation bonds, refunding bonds, and temporary notes in an amount not to exceed fifty million dollars ($50,000,000) for renovations and modernization of academic buildings at Rhode Island College including renovation, upgrade and expansion of health and nursing facilities on the campus of Rhode Island College.

(2) Veterans' Home.................................................................$94,000,000

Approval of this question will allow the State of Rhode Island to issue general obligation bonds, refunding bonds and temporary notes in an amount not to exceed ninety-four million dollars ($94,000,000) for the construction of a new Veterans' Home and renovations to existing facilities. Any funding amount from federal sources received for these purposes will be used to reduce the amount of borrowed funds.

(3) Clean Water Finance Agency.................................................................$20,000,000

Approval of this question will authorize the State of Rhode Island to issue general obligation bonds, refunding bonds, and temporary notes in an amount not to exceed twelve million dollars ($12,000,000) to be leveraged with federal and state capitalization grants to finance wastewater infrastructure projects and eight million dollars ($8,000,000) to be leveraged with federal and state capitalization grants to finance drinking water infrastructure projects.

(4) Environmental Management.................................................................$20,000,000
Approval of this question will allow the State of Rhode Island to issue general obligation
bonds, refunding bonds, and temporary notes for environmental and recreational purposes to be
allotted as follows:

(a) Narragansett Bay and Watershed Restoration.............................................. $4,000,000
Provides funds for activities to restore and protect the water quality and enhance the
economic viability and environmental sustainability of Narragansett Bay and the state’s
watersheds. Eligible activities include: nonpoint source pollution abatement, including
stormwater management; nutrient loading abatement; commercial, industrial and agricultural
pollution abatement; and riparian buffer and watershed ecosystem restoration.
(b) State Land Acquisition – Open Space ............................................................. $2,500,000
Provides funds for the purchase of land, development rights and conservation easements
in Rhode Island. This program acquires recreational and open space lands for the State of Rhode
Island in accordance with the Rhode Island Comprehensive Outdoor Recreation Plan, Land
(c) Farmland Development Rights....................................................................... $4,500,000
Provides funds for the purchase of agricultural development rights to active farms in
Rhode Island. The State purchases the development rights to farms to eliminate the economic
pressure on farmers to sell properties for residential and commercial development. The
Agricultural Land Preservation Commission accepts and evaluates farmland applications for these
funds.
(d) Local Land Acquisition Grants ...................................................................... $2,500,000
Provides funds for grants to municipalities, local land trusts and non-profit organizations
to acquire fee-simple title, development rights, or conservation easements to open space in Rhode
Island. The grants provide funding up to fifty percent (50%) of the purchase price for land,
surveys, appraisals and title costs. The grant applications are reviewed and evaluated by the
Governor’s Natural Heritage Preservation Commission according to the program guidelines.
(e) Local Recreation Grants ................................................................................. $5,500,000
Provides grants to municipalities for acquisition, development, or rehabilitation of local
recreational facilities. These grants provide funding assistance up to fifty percent (50%) of the
project costs. All grant applications are evaluated and ranked by the State Recreation Resources
Review Committee.
(f) Historic/Passive Parks..................................................................................... $1,000,000
Provides grants to municipalities for the renovation and development of historic and
passive recreation areas. The grants provide funding assistance of up to ninety percent (90%) of
the project costs. All grant applications are evaluated and ranked by the State Recreation
Resources Review Committee.

(5) Affordable Housing ......................................................................................... $25,000,000

Approval of this question will allow the State of Rhode Island to issue general obligation
bonds, refunding bonds, and temporary notes in an amount not to exceed twenty-five million
dollars ($25,000,000) for affordable housing.

SECTION 2. Ballot labels and applicability of general election laws. -- The secretary
of state shall prepare and deliver to the state board of elections ballot labels for each of the
projects provided for in Section 1 hereof with the designations "approve" or "reject" provided
next to the description of each such project to enable voters to approve or reject each such
proposition. The general election laws, so far as consistent herewith, shall apply to this
proposition.

SECTION 3. Approval of projects by people. -- If a majority of the people voting on
the proposition provided for in Section 1 hereof shall vote to approve the proposition as to any
project provided for in Section 1 hereof, said project shall be deemed to be approved by the
people. The authority to issue bonds, refunding bonds and temporary notes of the state shall be
limited to the aggregate amount for all such projects as set forth in the proposition provided for in
section 1 hereof which has been approved by the people.

SECTION 4. Bonds for capital development program. -- The general treasurer is
hereby authorized and empowered with the approval of the governor and in accordance with the
provisions of this act, to issue from time to time capital development bonds in serial form in the
name and on behalf of the state in amounts as may be specified from time to time by the governor
in an aggregate principal amount not to exceed the total amount for all projects approved by the
people and designated as "capital development loan of 2012 bonds" provided, however, that the
aggregate principal amount of such capital development bonds and of any temporary notes
outstanding at any one time issued in anticipation thereof pursuant to Section 7 hereof shall not
exceed the total amount for all such projects as have been approved by the people. All provisions
in this act relating to "bonds" shall also be deemed to apply to "refunding bonds".

Capital development bonds issued under this act shall be in denominations of one
thousand dollars ($1,000) each, or multiples thereof, and shall be payable in any coin or currency
of the United States which at the time of payment shall be legal tender for public and private
debts. These capital development bonds shall bear such date or dates, mature at specified time or
times, but not beyond the end of the twentieth state fiscal year following the state fiscal year in
which they are issued, bear interest payable semi-annually at a specified rate or different or
varying rates, be payable at designated time or times at specified place or places, be subject to
expressed terms of redemption or recall, with or without premium, be in a form, with or without
interest coupons attached, carry such registration, conversion, reconversion, transfer, debt
retirement, acceleration and other provisions as may be fixed by the general treasurer, with the
approval of the governor, upon each issue of such capital development bonds at the time of each
issue. Whenever the governor shall approve the issuance of such capital development bonds, he
or she shall certify approval to the secretary of state; the bonds shall be signed by the general
treasurer and countersigned by the manual or facsimile signature of the secretary of state and
shall bear the seal of the state or a facsimile thereof. The approval of the governor shall be
endorsed on each bond so approved with a facsimile of his or her signature.

SECTION 5. Refunding bonds for 2012 capital development program. -- The general
treasurer is hereby authorized and empowered, with the approval of the governor and in
accordance with the provisions of this act, to issue from time to time bonds to refund the 2012
capital development program bonds in the name and on behalf of the state, in amounts as may be
specified from time to time by the governor in an aggregate principal amount not to exceed the
total amount approved by the people, to be designated as "capital development program loan of
2012 refunding bonds" (hereinafter "refunding bonds").

The general treasurer with the approval of the governor shall fix the terms and form of
any refunding bonds issued under this act in the same manner as the capital development bonds
issued under this act, except that the refunding bonds may not mature more than twenty (20)
years from the date of original issue of the capital development bonds being refunded.

The proceeds of the refunding bonds, exclusive of any premium and accrual interest and
net the underwriters' cost, and cost of bond insurance, shall, upon their receipt, be paid by the
general treasurer immediately to the paying agent for the capital development bonds which are to
be called and prepaid. The paying agent shall hold the refunding bond proceeds in trust until they
are applied to prepay the capital development bonds. While such proceeds are held in trust, they
may be invested for the benefit of the state in obligations of the United States of America or the
State of Rhode Island.

If the general treasurer shall deposit with the paying agent for the capital development
bonds the proceeds of the refunding bonds or proceeds from other sources amounts that, when
invested in obligations of the United States or the State of Rhode Island, are sufficient to pay all
principal, interest, and premium, if any, on the capital development bonds until these bonds are
called for prepayment, then such capital development bonds shall not be considered debts of the
State of Rhode Island for any purpose from the date of deposit of such moneys with the paying
agent. The refunding bonds shall continue to be a debt of the state until paid.

The term "bond" shall include "note", and the term "refunding bonds" shall include "refunding notes" when used in this act.

SECTION 6. Proceeds of capital development program. -- The general treasurer is directed to deposit the proceeds from the sale of capital development bonds issued under this act, exclusive of premiums and accrued interest and net the underwriters' cost, and cost of bond insurance, in one or more of the depositaries in which the funds of the state may be lawfully kept in special accounts (hereinafter cumulatively referred to as "such capital development bond fund") appropriately designated for each of the projects set forth in Section 1 hereof which shall have been approved by the people to be used for the purpose of paying the cost of all such projects so approved.

All monies in the capital development bond fund shall be expended for the purposes specified in the proposition provided for in Section 1 hereof under the direction and supervision of the director of administration (hereinafter referred to as "director"). The director or his or her designee shall be vested with all power and authority necessary or incidental to the purposes of this act, including but not limited to, the following authority: (a) to acquire land or other real property or any interest, estate or right therein as may be necessary or advantageous to accomplish the purposes of this act; (b) to direct payment for the preparation of any reports, plans and specifications, and relocation expenses and other costs such as for furnishings, equipment designing, inspecting and engineering, required in connection with the implementation of any projects set forth in Section 1 hereof; (c) to direct payment for the costs of construction, rehabilitation, enlargement, provision of service utilities, and razing of facilities, and other improvements to land in connection with the implementation of any projects set forth in section 1 hereof; and (d) to direct payment for the cost of equipment, supplies, devices, materials and labor for repair, renovation or conversion of systems and structures as necessary for 2012 capital development program bonds or notes hereunder from the proceeds thereof. No funds shall be expended in excess of the amount of the capital development bond fund designated for each project authorized in Section 1 hereof. With respect to the bonds and temporary notes described in section 1, the proceeds shall be utilized for the following purposes:

Question 1 relating to bonds in the amount of fifty million dollars ($50,000,000) for Higher Education shall be allocated as follows:

Infrastructure Modernization at Rhode Island College.................................. $50,000,000

Provides funds for modernization and renovation of academic buildings on the Rhode Island College campus including renovation, upgrade and expansion of health and nursing
facilities on the campus of Rhode Island College.

Question 2 relating to bonds in the amount of ninety-four million dollars ($94,000,000) to be provided to the department of human services to provide funding for the construction of a new veterans' home as well as renovations to existing facilities. The project is planned to be completed over a ten-year period, beginning with the new veterans' home facility, followed by renovations to existing facilities.

Question 3 relating to bonds in the amount of twenty million dollars ($20,000,000) for the Clean Water Finance Agency to be allocated as follows:

(a) Clean Water State Revolving Loan Fund.................................$12,000,000

Provides funds for water pollution abatement projects structured as low-interest, subsidized loans for local governmental units to finance approved water pollution abatement projects.

(b) Drinking Water State Revolving Loan Fund......................$8,000,000

Provides funds for drinking water projects structured as low-interest, subsidized loans for local governmental units and privately organized water suppliers to finance approved drinking water projects.

Question 4 relating to bonds in the amount of twenty million dollars ($20,000,000) for environmental and recreational purposes to be allocated as follows:

(a) Narragansett Bay and Watershed Restoration............................$4,000,000

Provides funds for activities to restore and protect the water quality and enhance the economic viability and environmental sustainability of Narragansett Bay and the state’s watersheds.

(b) State Land Acquisition – Open Space.................................$2,500,000

Provides funds for the purchase of land, development rights, and conservation easements in Rhode Island.

(c) Farmland Development Rights..............................................$4,500,000

Provides funds for the purchase of agricultural development rights to active farms in Rhode Island.

(d) Local Land Acquisition Grants...........................................$2,500,000

Provides funds for grants to municipalities, local land trusts, and non-profit organizations to acquire fee-simple title, development rights, or conservation easements to open space in Rhode Island.

(e) Local Recreation Grants.......................................................$5,500,000

Provides grants to municipalities for acquisition, development, or rehabilitation of local...
recreation facilities.

(f) Historic/Passive Parks.................................................................$1,000,000

Provides grants to municipalities for the renovation or development of historic and passive recreation areas.

Question 5 relating to bonds in the amount of twenty-five million dollars ($25,000,000) for Affordable Housing.

Provides funding to the Housing Resources Commission to provide state funds to promote affordable housing through redevelopment of existing structures, or new construction.

SECTION 7. Sale of bonds and notes. -- Any bonds or notes issued under the authority of this act shall be sold from time to time at not less than the principal amount thereof, in such mode and on such terms and conditions as the general treasurer, with the approval of the governor, shall deem to be for the best interests of the state.

Any premiums and accrued interest, net of the cost of bond insurance and underwriters discount, that may be received on the sale of the capital development bonds or notes shall become part of the Rhode Island Capital Fund of the state, unless directed by federal law or regulation to be used for some other purpose.

In the event that the amount received from the sale of the capital development bonds or notes exceeds the amount necessary for the purposes stated in section 6 hereof, the surplus may be used to the extent possible to retire the bonds as the same may become due, to redeem them in accordance with the terms thereof or otherwise to purchase them as the general treasurer, with the approval of the governor, shall deem to be for the best interests of the state.

Any bonds or notes issued under the provisions of this act and coupons on any capital development bonds, if properly executed by the manual or facsimile signatures of officers of the state in office on the date of execution shall be valid and binding according to their tenor, notwithstanding that before the delivery thereof and payment therefor, any or all such officers shall for any reason have ceased to hold office.

SECTION 8. Bonds and notes to be tax exempt and general obligations of the state. -

All bonds and notes issued under the authority of this act shall be exempt from taxation in the state and shall be general obligations of the state, and the full faith and credit of the state is hereby pledged for the due payment of the principal and interest on each of such bonds and notes as the same shall become due.

SECTION 9. Investment of monies in fund. -- All moneys in the capital development fund not immediately required for payment pursuant to the provisions of this act may be invested by the investment commission, as established by chapter 35-10, pursuant to the provisions of such
chapter; provided, however, that the securities in which the capital development fund is invested
shall remain a part of the capital development fund until exchanged for other securities; and
provided further, that the income from investments of the capital development fund shall become
a part of the general fund of the state and shall be applied to the payment of debt service charges
of the state, unless directed by federal law or regulation to be used for some other purpose, or to
the extent necessary, to rebate to the United States treasury any income from investments
(including gains from the disposition of investments) of proceeds of bonds or notes to the extent
deemed necessary to exempt (in whole or in part) the interest paid on such bonds or notes from
federal income taxation.

SECTION 10. Appropriation. -- To the extent the debt service on these bonds is not
otherwise provided, a sum sufficient to pay the interest and principal due each year on bonds and
notes hereunder is hereby annually appropriated out of any money in the treasury not otherwise
appropriated.

SECTION 11. Advances from general fund. -- The general treasurer is authorized from
time to time with the approval of the director and the governor, in anticipation of the issue of
notes or bonds under the authority of this act, to advance to the capital development bond fund for
the purposes specified in Section 6 hereof, any funds of the state not specifically held for any
particular purpose; provided, however, that all advances made to the capital development bond
fund shall be returned to the general fund from the capital development bond fund forthwith upon
the receipt by the capital development fund of proceeds resulting from the issue of notes or bonds
to the extent of such advances.

SECTION 12. Federal assistance and private funds. -- In carrying out this act, the
director, or his or her designee, is authorized on behalf of the state, with the approval of the
governor, to apply for and accept any federal assistance which may become available for the
purpose of this act, whether in the form of loan or grant or otherwise, to accept the provision of
any federal legislation therefor, to enter into, act and carry out contracts in connection therewith,
to act as agent for the federal government in connection therewith, or to designate a subordinate
so to act. Where federal assistance is made available, the project shall be carried out in
accordance with applicable federal law, the rules and regulations thereunder and the contract or
contracts providing for federal assistance, notwithstanding any contrary provisions of state law.
Subject to the foregoing, any federal funds received for the purposes of this act shall be deposited
in the capital development bond fund and expended as a part thereof. The director or his or her
designee may also utilize any private funds that may be made available for the purposes of this
act.
SECTION 13. **Effective Date.** -- Sections 1, 2 and 3 of this article shall take effect upon passage. The remaining sections of this article shall take effect if and when the state board of elections shall certify to the secretary of state that a majority of the qualified electors voting on the propositions contained in section 1 hereof have indicated their approval of all or any projects thereunder.