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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

AUTHORIZING THE TOWN OF COVENTRY TO FINANCE SYSTEM-WIDE  
IMPROVEMENTS TO SCHOOL GROUNDS AND IMPROVEMENTS AND  
REPLACEMENTS OF FLOORING AT SCHOOLS IN THE TOWN BY THE ISSUANCE OF  
NOT MORE THAN \$550,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF  
INDEBTEDNESS THEREFOR

Introduced By: Senators Shibley, and Kettle

Date Introduced: May 24, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The town of Coventry is hereby empowered, in addition to authority  
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up  
3 to an amount not exceeding five hundred fifty thousand dollars (\$550,000) from time to time  
4 under its corporate name and seal or a facsimile of such. The bonds of each issue may be issued  
5 in the form of serial bonds or term bonds or a combination thereof and shall be payable either by  
6 maturity of principal in the case of serial bonds or by mandatory sinking fund installments in the  
7 case of term bonds, in annual installments of principal, the first installment to be not later than  
8 five (5) years and the last installment not later than thirty (30) years after the date of the bonds.  
9 All such bonds of a particular issue may be issued in the form of zero coupon bonds, capital  
10 appreciation bonds, serial bonds or term bonds or a combination thereof. The amount of principal  
11 appreciation each year on any bonds, after the date of original issuance, shall not be considered to  
12 be principal indebtedness for the purposes of any constitutional or statutory debt limit or any  
13 other limitation. The appreciation of principal after the date of original issue shall be considered  
14 interest. Only the original principal amount shall be counted in determining the principal amount  
15 so issued and any interest component shall be disregarded.

16           SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the town  
17 director of finance and the president of the town council and shall be issued and sold in such

1 amounts as the town council may authorize by resolution. The manner of sale, denominations,  
2 maturities, interest rates and other terms, conditions and details of any bonds or notes issued  
3 under this act may be fixed by the proceedings of the town council authorizing the issue or by  
4 separate resolution of the town council or, to the extent provisions for these matters are not so  
5 made, they may be fixed by the officers authorized to sign the bonds. The proceeds derived from  
6 the sale of the bonds shall be delivered to the town director of finance, and such proceeds  
7 exclusive of premiums and accrued interest shall be expended: (a) For system-wide  
8 improvements to school grounds and improvements and replacements of flooring at schools in the  
9 town; (b) In payment of the principal of or interest on temporary notes issued under section 3; (c)  
10 In repayment of advances under section 4; (d) In payment of related costs of issuance of any  
11 bonds or notes; and/or (e) In payment of capitalized interest during construction of the project  
12 (the "project"). No purchaser of any bonds or notes under this act shall be in any way responsible  
13 for the proper application of the proceeds derived from the sale thereof. The project shall be  
14 carried out and all contracts made therefor on behalf of the town by the town council. The  
15 proceeds of bonds or notes issued under this act, any applicable federal or state assistance and the  
16 other monies referred to in sections 6 and 9 shall be deemed appropriated for the purposes of this  
17 act without further action than that required by this act. The bonds authorized by this act may be  
18 consolidated for the purpose of issuance and sale with any other bonds of the town heretofore or  
19 hereafter authorized, provided that, notwithstanding any such consolidation, the proceeds from  
20 the sale of the bonds authorized by this act shall be expended for the purposes set forth above.

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

1 result in any amount of such temporary notes outstanding at any one time in excess of two  
2 hundred percent (200%) of the amount of bonds which may be issued under this act, and provided  
3 further that if the issuance of any such refunding notes results in any amount of such temporary  
4 notes outstanding at any one time in excess of the amount of bonds which may be issued under  
5 this act, the proceeds of such refunding notes shall be deposited in a separate fund established  
6 with the bank which is paying agent for the notes being refunded. Pending their use to pay the  
7 notes being refunded, moneys in the fund shall be invested for the benefit of the town by the  
8 paying agent at the direction of the town director of finance in any investment permitted under  
9 section 5. The moneys in the fund and any investments held as part of the fund shall be held in  
10 trust and shall be applied by the paying agent solely to the payment or prepayment of the  
11 principal of and interest on the notes being refunded. Upon payment of all principal of and  
12 interest on the notes, any excess moneys in the fund shall be distributed to the town. The town  
13 may pay the principal of and interest on notes in full from other than the issuance of refunding  
14 notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the town's  
15 authority to issue bonds or notes in anticipation of bonds under this act shall continue provided  
16 that (1) the town council passes a resolution evidencing the town's intent to pay off the notes  
17 without extinguishing the authority to issue bonds or notes and (2) that the period from the date of  
18 an original note to the maturity date of any other note shall not exceed five (5) years.

19 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu  
20 of any authorization or issue of notes hereunder, the town director of finance, with the approval of  
21 the town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in  
22 the treasury of the town to the purposes specified in section 2, such advances to be repaid without  
23 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of  
24 applicable federal or state assistance or from other available funds.

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

32 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder  
33 shall be applied to the payment of the first interest due thereon. Any premium arising from the  
34 sale of bonds or notes hereunder shall, in the discretion of the town director of finance, be applied

1 to the cost of preparing, issuing and marketing bonds or notes hereunder to the extent not  
2 otherwise provided, to the payment of the project costs, to the payment of the principal of or  
3 interest on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of  
4 preparing, issuing and marketing bonds or notes hereunder may also, in the discretion of the town  
5 director of finance, be met from bond or note proceeds exclusive of accrued interest or from other  
6 moneys available therefor. Any balance of bond or note proceeds remaining after payment of the  
7 cost of the projects and the cost of preparing, issuing and marketing bonds or notes hereunder,  
8 shall be applied to the payment of the principal of or interest on bonds or notes issued hereunder.  
9 To the extent permitted by applicable federal laws, any earnings or net profit realized from the  
10 deposit or investment of funds hereunder may, upon receipt, be added to and dealt with as part of  
11 the revenues of the town from property taxes. In exercising any discretion under this section, the  
12 town director of finance shall be governed by any instructions adopted by resolution of the town  
13 council.

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

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

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

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

10 SECTION 11. The town director of finance and the president of the town council, on  
11 behalf of the town, are hereby authorized to execute such instruments, documents or other papers  
12 as either of them deem necessary or desirable to carry out the intent of this act and are also  
13 authorized to take all actions and execute all instruments, documents or agreements necessary to  
14 comply with federal tax and securities laws, which instruments, documents or agreements may  
15 have a term coextensive with the maturity of the bonds authorized hereby, including Rule 15c2-  
16 12 of the Securities and Exchange Commission (the "Rule") and to execute and deliver a  
17 continuing disclosure agreement or certificate in connection with the bonds or notes in the form  
18 as shall be deemed advisable by such officers in order to comply with the Rule.

19 SECTION 12. All or any portion of the authorized but unissued authority to issue bonds  
20 and notes under this act may be extinguished by ordinance of the town council after seven (7)  
21 years shall have passed from the approval of this act provided for in section 13, without further  
22 action by the general assembly.

23 SECTION 13. At a general, special or local election (other than a primary) to be held on  
24 a date that shall be designated by the town council, there shall be submitted to electors of the  
25 town a question in substantially the following form: "Shall an act passed at the 2012 session of  
26 the general assembly entitled 'AN ACT AUTHORIZING THE TOWN OF COVENTRY TO  
27 FINANCE SYSTEM-WIDE IMPROVEMENTS TO SCHOOL GROUNDS AND  
28 IMPROVEMENTS AND REPLACEMENTS OF FLOORING AT SCHOOLS IN THE TOWN  
29 BY THE ISSUANCE OF NOT MORE THAN \$550,000 BONDS, NOTES AND/OR OTHER  
30 EVIDENCES OF INDEBTEDNESS THEREFOR' be approved?" and the warning for the  
31 election shall contain the question to be submitted. From the time the election is warned and until  
32 it is held, it shall be the duty of the town clerk to keep a copy of this act available at the clerk's  
33 office for public inspection, but the validity of the election shall not be affected by this  
34 requirement. To the extent of any inconsistency between this act and the town charter, this act

1 shall prevail.

2 SECTION 14. Sections 13 and 14 shall take effect upon the passage of this act. The  
3 remainder of this act shall take effect upon the approval of this act by a majority of those voting  
4 on the question at the election prescribed by section 13.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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AUTHORIZING THE TOWN OF COVENTRY TO FINANCE SYSTEM-WIDE  
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REPLACEMENTS OF FLOORING AT SCHOOLS IN THE TOWN BY THE ISSUANCE OF  
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INDEBTEDNESS THEREFOR

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1           This act would authorize the town of Coventry to issue not more than \$550,000 bonds,  
2 notes and other evidences of indebtedness to finance system-wide improvements to school  
3 grounds and improvements and replacements of flooring at schools in the town.

4           Sections 13 and 14 of this act would take effect upon passage. The remainder of the act  
5 would take effect upon approval by the electors of the town of the question provided for in  
6 section 13.

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