

2014 -- S 3028

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE IMPROVEMENT,  
RENOVATION, REPAIR, ALTERATION AND EQUIPPING OF SCHOOLS AND SCHOOL  
FACILITIES IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$15,000,000  
GENERAL OBLIGATION BONDS AND NOTES THEREFOR

Introduced By: Senators Gallo, Miller, and Lombardi

Date Introduced: May 22, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

15           SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the  
16 director of finance and the mayor and shall be issued and sold in such amounts as the city council  
17 may authorize. The manner of sale, denominations, maturities, interest rates and other terms,

1 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings  
2 of the city council authorizing the issue or by separate order or resolution of the city council or, to  
3 the extent provisions for these matters are not so made, they may be fixed by the officers  
4 authorized to sign the bonds or notes. Interest coupons (if any) shall bear the facsimile signature  
5 of the director of finance. The proceeds derived from the sale of the bonds shall be delivered to  
6 the city treasurer, and such proceeds, exclusive of premiums and accrued interest, shall be  
7 expended: (1) to finance the improvement, renovation, repair, alteration and equipping of schools  
8 and school facilities in the city; or (2) in payment of the principal of or interest on temporary  
9 notes issued under section 3; or (3) in repayment of advances under section 4; (4) in payment of  
10 costs of issuance associated with the issuance of bonds or notes hereunder; and/or (5) to finance  
11 capitalized interest on the projects. No purchaser of any bonds or notes under this act shall be in  
12 any way responsible for the proper application of the proceeds derived from the sale thereof. The  
13 proceeds of bonds or notes issued under this act, any applicable federal or state assistance and the  
14 other monies referred to in sections 6 and 9 shall be deemed appropriated for the purposes of this  
15 act without further action than that required by this act. In addition to such funds, there may be  
16 expended for the purposes of this act such other sums as may be appropriated therefor. The bonds  
17 authorized by this act may be consolidated for the purposes of issuance and sale with any other  
18 bonds of the city heretofore or hereafter authorized, provided that notwithstanding any such  
19 consolidation, the proceeds from the sale of the bonds authorized by this act shall be expended for  
20 the purposes set forth above. The director of finance and the Mayor, on behalf of the city, are  
21 hereby authorized to execute such instruments, documents or other papers as either of them deem  
22 necessary or desirable to carry out the intent of this act and are also authorized to take all actions  
23 and execute all documents or agreements necessary to comply with federal tax and securities  
24 laws, which documents or agreements may have a term coextensive with the maturity of the  
25 bonds authorized hereby, including Rule 15c2-12 of the Securities and Exchange Commission  
26 and to execute and deliver a continuing disclosure agreement or certificate in connection with the  
27 bonds or notes.

28       SECTION 3. The city council may, by order or resolution authorizing the bonds or by  
29 separate order or resolution, authorize the issuance from time to time of interest bearing or  
30 discounted notes in anticipation of the issue of bonds under section 1 or in anticipation of the  
31 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in  
32 anticipation of bonds may not exceed the amount of bonds which may be issued under this act  
33 and the amount of original notes issued in anticipation of federal or state aid may not exceed the  
34 amount of available federal or state aid as estimated by the director of finance. Temporary notes

1 issued hereunder shall be signed by the manual or facsimile signature of the director of finance  
2 and countersigned by the manual or facsimile signature of the Mayor and shall be payable within  
3 five (5) years from their respective dates, but the principal of and interest on notes issued for a  
4 shorter period may be renewed or paid from time to time by the issuance of other notes  
5 hereunder, provided the period from the date of an original note to the maturity of any note issued  
6 to renew or pay the same debt or the interest thereon shall not exceed five (5) years. Any  
7 temporary notes in anticipation of bonds issued under this section may be refunded prior to the  
8 maturity of the notes by the issuance of additional temporary notes, provided that no such  
9 refunding shall result in any amount of such temporary notes outstanding at any one time in  
10 excess of two hundred percent (200%) of the amount of bonds which may be issued under this  
11 act, and provided further that if the issuance of any such refunding notes results in any amount of  
12 such temporary notes outstanding at any one time in excess of the amount of bonds which may be  
13 issued under this act, the proceeds of such refunding notes shall be deposited in a separate fund  
14 established with the bank which is paying agent for the notes being refunded. Pending their use to  
15 pay the notes being refunded, monies in the fund shall be invested for the benefit of the city by  
16 the paying agent at the direction of the city treasurer in any investment permitted under section 5.  
17 The monies in the fund and any investments held as a part of the fund shall be held in trust and  
18 shall be applied by the paying agent solely to the payment or prepayment of the principal of and  
19 interest on the notes being refunded. Upon payment of all principal of and interest on the notes,  
20 any excess monies in the fund shall be distributed to the city. The city may pay the principal of  
21 and interest on notes in full from other than the issuance of refunding notes prior to the issuance  
22 of bonds pursuant to section 1 hereof. In such case, the city's authority to issue bonds or notes in  
23 anticipation of bonds under this act shall continue provided that: (1) the city council passes a  
24 resolution evidencing the city's intent to pay off the notes without extinguishing the authority to  
25 issue bonds or notes; and (2) that the period from the date of an original note to the maturity date  
26 of any other note shall not exceed five (5) years.

27         SECTION 4. Pending any authorization or issuance of bonds hereunder or pending or in  
28 lieu of any authorization or issuance of notes hereunder, the city treasurer, with the approval of  
29 the city council given by an order or resolution passed and approved in the manner provided in  
30 chapter 12 of the city charter, but not subject to the provisions of section 12.03 of said chapter,  
31 may, to the extent that bonds or notes may be issued hereunder, apply funds in the treasury of the  
32 city to the purposes specified in section 1, such advances to be repaid without interest from the  
33 proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal or state  
34 assistance or from other available funds.

1           SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable  
2 federal or state assistance, pending their expenditure, and subject to the approval of the  
3 investment committee mentioned in section 7.05 of the city charter, may be deposited or invested  
4 by the city treasurer in demand deposits, time deposits or savings deposits in banks which are  
5 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by  
6 the United States of America or by any agency or instrumentality thereof or as may be provided  
7 in any other applicable laws of the state of Rhode Island and by ordinance or resolution of the city  
8 council.

9           SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder  
10 shall be applied to the payment of the first interest due thereon. Any net earnings or profits  
11 realized from the investment of funds hereunder and any premiums arising from the sale of bonds  
12 or notes hereunder shall, in the discretion of the city treasurer, be applied to the cost of preparing,  
13 issuing and marketing bonds or notes hereunder to the extent not otherwise provided, to the  
14 payment of the cost of the projects or the cost of additional improvements coming within the  
15 description of the projects in section 1 of this act, to the payment of the principal of or interest on  
16 bonds or notes issued hereunder, or to any one or more of the foregoing. The cost of preparing,  
17 issuing and marketing bonds or notes hereunder may also, in the discretion of the city treasurer,  
18 be met from bond or note proceeds exclusive of premium and accrued interest or from other  
19 monies available therefor. Any balance of bond or note proceeds remaining after payment of the  
20 cost of the projects and the cost of additional improvements coming within the description of the  
21 projects in section 1 of this act, and the cost of preparing, issuing and marketing bonds or notes  
22 hereunder shall be applied to the payment of the principal of or interest on bonds or notes issued  
23 hereunder. To the extent permitted by applicable federal law, any earnings or net profit realized  
24 from the deposit or investment of funds hereunder may upon receipt be added to and dealt with as  
25 part of the revenues of the city from property taxes. In exercising any discretion under this  
26 section, the city treasurer shall be governed by any instructions adopted by any order or resolution  
27 of the city council.

28           SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby  
29 shall be obligatory on the city in the same manner and to the same extent as other debts lawfully  
30 contracted by it and shall be excepted from the operation of section 45-12-2 of the general laws.  
31 No such obligation shall at any time be included in the debt of the city for the purpose of  
32 ascertaining its borrowing capacity. The city shall annually appropriate a sum sufficient to pay  
33 the principal and interest coming due within the year on bonds and notes issued hereunder to the  
34 extent that monies therefor are not otherwise provided. If such sum is not appropriated, it shall

1 nevertheless be added to the annual tax levy. In order to provide such sum in each year and  
2 notwithstanding any provision of law to the contrary, all taxable property in the city shall be  
3 subject to ad valorem taxation by the city without limitation as to rate or amount.

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

8 SECTION 9. The city, acting by order or resolution of its city council, passed and  
9 approved in the manner provided in chapter 12 of the city charter, but not subject to the  
10 provisions of section 12.03 of said chapter, is authorized to apply for, contract for and expend any  
11 federal or state advances or other grants of assistance which may be available for the purposes of  
12 this act, and any such expenditures may be in addition to other monies provided in this act. To the  
13 extent of any inconsistency between any law of this state and any applicable federal law or  
14 regulation, the latter shall prevail. Federal and state advances, with interest where applicable,  
15 whether contracted for prior to or after the effective date of this act, may be repaid as projects  
16 costs under section 1 of this act.

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

25 SECTION 11. All or any portion of the authorized but unissued authority to issue bonds  
26 and notes under this act may be extinguished by ordinance of the city council, without further  
27 action by the general assembly, seven (7) years after the effective date of this act.

28 SECTION 12. The question of the approval of this act shall be submitted to the electors  
29 of the city at the general election to be held on November 4, 2014. The question shall be  
30 submitted in substantially the following form: "Shall an act, passed at the 2014 session of the  
31 general assembly, entitled 'AN ACT AUTHORIZING THE CITY OF CRANSTON TO  
32 FINANCE THE IMPROVEMENT, RENOVATION, REPAIR, ALTERATION AND  
33 EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY BY THE ISSUANCE  
34 OF NOT MORE THAN \$15,000,000 GENERAL OBLIGATION BONDS AND NOTES

1    THEREFOR' be approved?" and the warning for the election shall contain the question to be  
2    submitted. From the time the election is warned and until it is held, it shall be the duty of the city  
3    clerk to keep a copy of the act available at the city clerk's office for public inspection, but the  
4    validity of the election shall not be affected by this requirement. To the extent of any  
5    inconsistency between this act and the city charter, this act shall prevail.

6            SECTION 13. This section and section 12 shall take effect upon passage of this act. The  
7    remainder of this act shall take effect upon the approval of this act by a majority of those voting  
8    on the question at the election prescribed by the section 12.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE IMPROVEMENT,  
RENOVATION, REPAIR, ALTERATION AND EQUIPPING OF SCHOOLS AND SCHOOL  
FACILITIES IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$15,000,000  
GENERAL OBLIGATION BONDS AND NOTES THEREFOR

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1           This act would authorize the city of Cranston to issue not more than fifteen million  
2 dollars (\$15,000,000) general obligation bonds and temporary notes to finance the improvement,  
3 renovation, repair, alteration and equipping of schools and school facilities in the city of  
4 Cranston.

5           Sections 12 and 13 of the act would take effect upon passage. The remainder of the act  
6 would take effect upon approval by the electors of the city of the question provided for in section  
7 12.

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