

2016 -- S 3080

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LC006195
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

**AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE CONSTRUCTION,
RENOVATION, REHABILITATION, REPAIR, IMPROVEMENT AND LANDSCAPING OF
ROADS, SIDEWALKS AND DRAINAGE FACILITIES IN THE CITY AND ALL COSTS
INCIDENTAL OR RELATED THERETO INCLUDING, BUT NOT LIMITED TO,
ENGINEERING COSTS BY THE ISSUANCE OF NOT MORE THAN \$20,000,000
GENERAL OBLIGATION BONDS AND NOTES THEREFOR**

Introduced By: Senators Gallo, Miller, and Lombardi

Date Introduced: June 14, 2016

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 twenty million dollars
3 (\$20,000,000) 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 issue 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

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

30 SECTION 3. The city council may, by order or resolution authorizing the bonds or by
31 separate order or resolution, authorize the issuance from time to time of interest bearing or
32 discounted notes in anticipation of the issue of bonds under section 2 or in anticipation of the
33 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in
34 anticipation of bonds may not exceed the amount of bonds which may be issued under this act

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

29 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
30 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city
31 council given by an order or resolution passed and approved in the manner provided in chapter 12
32 of the city charter, but not subject to the provisions of section 12.03 of said chapter, may, to the
33 extent that bonds or notes may be issued hereunder, apply funds in the treasury of the city to the
34 purposes specified in section 2 of this act, such advances to be repaid without interest from the

1 proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal or state
2 assistance or from other available funds.

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

11 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
12 shall be applied to the payment of the first interest due thereon. Any net earnings or profits
13 realized from the investment of funds hereunder and any premiums arising from the sale of bonds
14 or notes hereunder shall, in the discretion of the city treasurer, be applied to the cost of preparing,
15 issuing and marketing bonds or notes hereunder to the extent not otherwise provided, to the
16 payment of the cost of the projects or the cost of additional improvements coming within the
17 description of the projects in section 2 of this act, to the payment of the principal of or interest on
18 bonds or notes issued hereunder, or to any one or more of the foregoing. The cost of preparing,
19 issuing and marketing bonds or notes hereunder may also, in the discretion of the city treasurer,
20 be met from bond or note proceeds exclusive of premium and accrued interest or from other
21 monies available therefor. Any balance of bond or note proceeds remaining after payment of the
22 cost of the projects and the cost of additional improvements coming within the description of the
23 projects in section 2 of this act, and the cost of preparing, issuing and marketing bonds or notes
24 hereunder shall be applied to the payment of the principal of or interest on bonds or notes issued
25 hereunder. To the extent permitted by applicable federal law, any earnings or net profit realized
26 from the deposit or investment of funds hereunder may upon receipt be added to and dealt with as
27 part of the revenues of the city from property taxes. In exercising any discretion under this
28 section, the city treasurer shall be governed by any instructions adopted by any order or resolution
29 of the city council.

30 SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby
31 shall be obligatory on the city in the same manner and to the same extent as other debts lawfully
32 contracted by it and shall be excepted from the operation of §45-12-2 of the general laws. No
33 such obligation shall at any time be included in the debt of the city for the purpose of ascertaining
34 its borrowing capacity. The city shall annually appropriate a sum sufficient to pay the principal

1 and interest coming due within the year on bonds and notes issued hereunder to the extent that
2 monies therefor are not otherwise provided. If such sum is not appropriated, it shall nevertheless
3 be added to the annual tax levy. In order to provide such sum in each year and notwithstanding
4 any provision of law to the contrary, all taxable property in the city shall be subject to ad valorem
5 taxation by the city without limitation as to rate or amount.

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

10 SECTION 9. The city, acting by order or resolution of its city council, passed and
11 approved in the manner provided in chapter 12 of the city charter, but not subject to the
12 provisions of section 12.03 of said chapter, is authorized to apply for, contract for and expend any
13 federal or state advances or other grants of assistance which may be available for the purposes of
14 this act, and any such expenditures may be in addition to other monies provided in this act. To the
15 extent of any inconsistency between any law of this state and any applicable federal law or
16 regulation, the latter shall prevail. Federal and state advances, with interest where applicable,
17 whether contracted for prior to or after the effective date of this act, may be repaid as projects
18 costs under section 2 of this act.

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

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

30 SECTION 12. The question of the approval of this act shall be submitted to the electors
31 of the city at the general election to be held on November 8, 2016. The question shall be
32 submitted in substantially the following form: "Shall an act, passed at the 2016 session of the
33 general assembly, entitled 'AN ACT AUTHORIZING THE CITY OF CRANSTON TO
34 FINANCE THE CONSTRUCTION, RENOVATION, REHABILITATION, REPAIR,

1 IMPROVEMENT AND LANDSCAPING OF ROADS, SIDEWALKS AND DRAINAGE
2 FACILITIES IN THE CITY AND ALL COSTS INCIDENTAL OR RELATED THERETO
3 INCLUDING, BUT NOT LIMITED TO, ENGINEERING COSTS BY THE ISSUANCE OF
4 NOT MORE THAN \$20,000,000 GENERAL OBLIGATION BONDS AND NOTES
5 THEREFOR' be approved?" and the warning for the election shall contain the question to be
6 submitted. From the time the election is warned and until it is held, it shall be the duty of the city
7 clerk to keep a copy of the act available at the city clerk's office for public inspection, but the
8 validity of the election shall not be affected by this requirement. To the extent of any
9 inconsistency between this act and the city charter, this act shall prevail.

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

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EXPLANATION
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AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE CONSTRUCTION,
RENOVATION, REHABILITATION, REPAIR, IMPROVEMENT AND LANDSCAPING OF
ROADS, SIDEWALKS AND DRAINAGE FACILITIES IN THE CITY AND ALL COSTS
INCIDENTAL OR RELATED THERETO INCLUDING, BUT NOT LIMITED TO,
ENGINEERING COSTS BY THE ISSUANCE OF NOT MORE THAN \$20,000,000
GENERAL OBLIGATION BONDS AND NOTES THEREFOR

1 This act would authorize the city of Cranston to issue not more than twenty million
2 dollars (\$20,000,000) general obligation bonds and temporary notes for the construction,
3 renovation, rehabilitation, repair, improvement and landscaping of roads, sidewalks and drainage
4 facilities in the city and all costs incidental or related thereto, including but not limited to,
5 engineering costs.

6 Sections 12 and 13 of the act would take effect upon passage. The remainder of the act
7 would take effect upon approval by the electors of the city of the question provided for in section
8 12.

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