

2022 -- H 7028

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

AUTHORIZING THE TOWN OF JOHNSTON TO ISSUE NOT TO EXCEED \$215,000,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE CONSTRUCTION, ADDITIONS, RENOVATION,
IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS
AND SCHOOL FACILITIES THROUGHOUT THE TOWN, PROVIDED THAT THE
AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE
SCHOOL BUILDING AUTHORITY CAPITAL FUND

Introduced By: Representatives Fellela, and Costantino

Date Introduced: January 10, 2022

Referred To: House Municipal Government & Housing

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of Johnston is hereby empowered, in addition to authority
2 previously granted, to issue bonds in an amount not exceeding two hundred fifteen million dollars
3 (\$215,000,000) from time to time under its corporate name and seal provided, however, that bonds
4 shall not be issued unless the conditions of Section 2 hereof as to the level of state aid are met. The
5 bonds of each issue may be issued in the form of zero coupon bonds, capital appreciation bonds,
6 serial bonds or term bonds or a combination thereof and shall be payable either by maturity of
7 principal in the case of serial bonds or by mandatory serial redemption in the case of term bonds,
8 in installments of principal, the first installment to be not later than five (5) years and the last
9 installment not later than thirty (30) years after the date the bonds are issued.

10 SECTION 2. The town may be eligible for school housing aid reimbursement on debt
11 service pursuant to chapter 7 of title 16, or for a grant, loan or other "financial assistance" as defined
12 in § 45-38.2-1(6), from the school building authority capital fund under chapter 38.2 of title 45.
13 The amount of borrowing authorized pursuant to this act shall be reduced by the amount of any
14 grant received by the town from the school building authority capital fund. This act shall constitute
15 an enabling act of the general assembly that is required pursuant to § 16-7-44. Any bonds, notes or
16 other evidences of indebtedness issued under this act for school projects shall not be eligible for

1 state housing aid reimbursement pursuant to § 16-7-44 unless the school projects described herein
2 have been approved by the Rhode Island department of education.

3 SECTION 3. The bonds shall be signed by the mayor and the director of finance and shall
4 be issued and sold in such amounts as the town council may authorize. The manner of sale,
5 denominations, maturities, interest rates and other terms, conditions and details of any bonds or
6 notes issued under this act may be fixed by the officers authorized to sign the bonds or notes.
7 Notwithstanding anything contained in this act to the contrary, the town may enter into financing
8 agreements with the Rhode Island health and educational building corporation pursuant to chapter
9 7 of title 16 and chapter 38.1 of title 45 and, with respect to notes or bonds issued in connection
10 with such financing agreements, if any, the town may elect to have the provisions of chapter 38.1
11 of title 45 apply to the issuance of the bonds or notes issued hereunder to the extent the provisions
12 of chapter 38.1 of title 45 are inconsistent herewith. In addition, the town may enter into financing
13 agreements with the Rhode Island infrastructure bank pursuant to the provisions of chapter 12.2 of
14 title 46 and, with respect to notes or bonds issued in connection with such financing agreements, if
15 any, the town may elect to have the provisions of chapter 12.2 of title 46 apply to the issuance of
16 the bonds or notes issued hereunder to the extent the provisions of chapter 12.2 of title 46 are
17 inconsistent herewith. Such election may be fixed by the officers authorized to sign the bonds or
18 notes. The proceeds derived from the sale of the bonds shall be delivered to the director of finance,
19 and such proceeds exclusive of premiums and accrued interest shall be expended: (1) For the
20 construction, additions, renovation, improvement, alteration, repair furnishing and equipping of
21 schools and school facilities in the town and all costs related thereto; (2) For payment of the
22 principal or interest on temporary notes issued under section 4; (3) For payment of capitalized
23 interest on bonds or notes; (4) For repayment of advances under section 5; or (5) For payment of
24 related costs of issuance of any bonds or notes. No purchaser of any bonds or notes under this act
25 shall be in any way responsible for the proper application of the proceeds derived from the sales
26 thereof. The project shall be carried out and all contracts made therefor on behalf of the town by
27 the mayor. The proceeds of bonds or notes issued under this act, any applicable federal or state
28 assistance and other monies referred to in sections 7 and 10, shall be deemed appropriated for the
29 purposes of this act without further action than that required by this act. The bond issue authorized
30 by this act may be consolidated for the purposes of issuance and sale with any other bond issue of
31 the town heretofore or hereafter authorized, provided that, notwithstanding any such consolidation,
32 the proceeds from the sale of the bonds authorized by this act shall be expended for the purposes
33 set forth above.

34 SECTION 4. The town council may by resolution authorize the issue from time to time of

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

32 SECTION 5. Pending any authorization or issuance of bonds hereunder or pending or in
33 lieu of any authorization or issuance of notes hereunder, the director of finance, may, to the extent
34 that bonds or notes may be issued hereunder, apply funds in the treasury of the town to the purposes

1 specified in Section 2, such advances to be repaid without interest from the proceeds of bonds or
2 notes subsequently issued or from the proceeds of applicable federal or state assistance or from
3 other available funds.

4 SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable federal
5 or state assistance, pending their expenditure, may be deposited or invested by the director of
6 finance in demand deposits, time deposits or savings deposits in banks which are members of the
7 Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United States
8 of America or by any agency or instrumentality thereof or as may be provided in any other
9 applicable law of the state of Rhode Island or resolution of the town council or pursuant to an
10 investment policy of the town.

11 SECTION 7. Any accrued interest received upon the sale of bonds or notes issued
12 hereunder shall be applied to the payment of the first interest due thereon. Any premiums arising
13 from the sale of bonds or notes issued hereunder and any earnings or net profit realized from the
14 deposit or investment of funds hereunder shall, in the discretion of the director of finance, be
15 applied to the cost of preparing, issuing, and marketing bonds or notes hereunder to the extent not
16 otherwise provided, to the payment of the cost of the project, to the payment of the principal of or
17 interest on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of
18 preparing, issuing and marketing bonds or notes hereunder may also, in the discretion of the director
19 of finance, be met from bond or note proceeds exclusive of accrued interest or from other monies
20 available therefor. Any balance of bond or note proceeds remaining after payment of the cost of
21 the projects and the cost of preparing, issuing and marketing bonds or notes hereunder shall be
22 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the
23 extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or
24 investment of funds hereunder may, upon receipt, be added to and dealt with as part of the revenues
25 of the town from property taxes. In exercising any discretion under this section, the director of
26 finance shall be governed by the town's financial policies or any instructions adopted by resolution
27 of the town council.

28 SECTION 8. All bonds and notes issued under this act and the debts evidenced thereby
29 shall be obligatory on the town 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 § 45-12-2 of the general laws. No such
31 obligation shall at any time be included in the debt of the town for the purpose of ascertaining its
32 borrowing capacity. The town shall annually appropriate a sum sufficient to pay the principal and
33 interest coming due within the year on bonds and notes issued hereunder to the extent that monies
34 therefor are not otherwise provided. If such sum is not appropriated, it shall nevertheless be added

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

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

8 SECTION 10. The town is authorized to apply for, contract for and expend any federal or
9 state advances or other grants or assistance which may be available for the purposes of this act, and
10 any such expenditures may be in addition to other monies provided in this act. To the extent of any
11 inconsistency between any law of this state and any applicable federal law or regulation, the latter
12 shall prevail. Federal and state advances, with interest where applicable, whether contracted for
13 prior to or after the effective date of this act, may be repaid as project costs under section two.

14 SECTION 11. Bonds and notes may be issued under this act without obtaining the approval
15 of any governmental agency or the taking of any proceedings or the happening of any conditions
16 except as specifically required by this act for such issue. In carrying out any project financed in
17 whole or in part under this act, including where applicable the condemnation of any land or interest
18 in land, and in the levy and collection of assessments or other charges permitted by law on account
19 of any such project, all action shall be taken which is necessary to meet constitutional requirements
20 whether or not such action is otherwise required by statute; but the validity of bonds and notes
21 issued hereunder shall in no way depend upon the validity or occurrence of such action.

22 SECTION 12. All or any portion of the authority to issue bonds and notes under this act
23 may be extinguished by resolution of the town council, without further action by the general
24 assembly seven (7) years after the effective date of this act.

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

33 SECTION 14. The question of the approval of this act shall be submitted to the electors of
34 the town at a special election (other than a primary), on a date as shall be designated by the town

1 council. The question shall be submitted in substantially the following form: “Shall an Act, passed
2 at the 2022 session of the General Assembly, entitled, ‘AN ACT AUTHORIZING THE TOWN
3 OF JOHNSTON TO ISSUE NOT TO EXCEED \$215,000,000 GENERAL OBLIGATION
4 BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE
5 CONSTRUCTION, ADDITIONS, RENOVATION, IMPROVEMENT, ALTERATION,
6 REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES
7 THROUGHOUT THE TOWN, PROVIDED THAT THE AUTHORIZATION SHALL BE
8 REDUCED BY ANY GRANT RECEIVED FROM THE SCHOOL BUILDING AUTHORITY
9 CAPITAL FUND’ be approved?” and the warning for the election shall contain the question to be
10 submitted. From the time the election is warned and until it is held, it shall be the duty of the town
11 clerk to keep a copy of the act available at his or her office for public inspection, but the validity of
12 the election shall not be affected by this requirement.

13 SECTION 15. This section and the foregoing section shall take effect upon the passage of
14 this act. The remainder of this act shall take effect upon the approval of this act by a majority of
15 those voting on the question at the election prescribed by the foregoing section.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF JOHNSTON TO ISSUE NOT TO EXCEED \$215,000,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE CONSTRUCTION, ADDITIONS, RENOVATION,
IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS
AND SCHOOL FACILITIES THROUGHOUT THE TOWN, PROVIDED THAT THE
AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE
SCHOOL BUILDING AUTHORITY CAPITAL FUND

1 This act would authorize the town of Johnston to issue bonds and notes in an amount not
2 exceeding \$215,000,000 to finance construction, additions, renovation, improvement, alteration,
3 repair, furnishing and equipping of schools and school facilities throughout the town, provided that
4 the authorization shall be reduced by any grant received from the school building authority capital
5 fund. The town may be eligible for school housing aid reimbursement on debt service pursuant to
6 chapter 7 of title 16, or for a grant, loan or other "financial assistance" as defined in § 45-38.2-1(6),
7 from the school building authority capital fund under chapter 38.2 of title 45. The amount of
8 borrowing authorized pursuant to this act would be reduced by the amount of any grant received
9 by the town from the school building authority capital fund.

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

14 Sections 14 and 15 would take effect upon passage. The remainder of the act would take
15 effect upon approval of the question provided for in section 14.

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