

2022 -- H 8228

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

AUTHORIZING THE STATE TO ENTER INTO A FINANCING AGREEMENT RELATING TO SCHOOL CONSTRUCTION IN THE CITY OF PAWTUCKET AND AUTHORIZING THE CITY OF PAWTUCKET TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, FURNISHING, AND EQUIPPING OF A NEW HIGH SCHOOL AND SCHOOL FACILITIES AND ALL EXPENSES INCIDENT THERETO, INCLUDING, BUT NOT LIMITED TO, COSTS OF DESIGN, DEMOLITION, ATHLETIC FIELDS, LANDSCAPING AND PARKING BY THE ISSUANCE OF NOT MORE THAN \$53,790,000 IN CITY BONDS, CITY NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

Introduced By: Representatives Messier, Alzate, Felix, and Shallcross Smith

Date Introduced: May 11, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 1. WHEREAS, Pursuant to Article XII of the Rhode Island Constitution, it is the duty of
2 the State of Rhode Island and the Rhode Island general assembly to promote public schools as the
3 diffusion of knowledge is essential to the preservation of the rights and liberties of the Rhode Island
4 people; and
- 5 2. WHEREAS, It is the duty of the State of Rhode Island and the Rhode Island general
6 assembly to adopt all means which they deem necessary and proper to secure to the people, the
7 advantages and opportunities of education and guarantee adequate public school housing for all
8 public school children in the state; and
- 9 3. WHEREAS, School facilities provide more than a place for instruction. The physical
10 learning environment contributes to the successful performance of educational programs designed
11 to meet students' educational needs and good educational outcomes depend on safe healthy school
12 buildings. Every student needs a safe, healthy, and sanitary learning environment that promotes
13 student learning and development; and
- 14 4. WHEREAS, School buildings in the city of Pawtucket are in need of major repairs and
15 upgrades, presently interfere with the effective operation of schools and negatively affect the health

1 safety and welfare of the children of Pawtucket; and

2 5. WHEREAS, Due to various financial hardships of the city of Pawtucket, the city is not
3 able to finance the construction, renovation, improvement, alteration, repair, furnishing and
4 equipping of schools and school facilities without certain legislative changes and support from the
5 State of Rhode Island;

6 It is enacted and resolved by the general assembly as follows:

7 SECTION 1. Sections 1 through 3 of this act shall serve as the joint resolution required
8 pursuant to Rhode Island General Laws chapter 18 of title 35 (the "Rhode Island Public Corporation
9 Debt Management Act").

10 SECTION 2. City of Pawtucket school project.

11 WHEREAS, The WHEREAS clauses in paragraphs 1 through 5 hereof are hereby
12 incorporated herein by reference.

13 WHEREAS, The city of Pawtucket is proposing a project consisting of
14 the acquisition, construction, improvement, furnishing and equipping of a new high school and
15 school facilities and all expenses incident thereto, including, but not limited to, costs of design,
16 demolition, athletic fields, landscaping and parking (the "project"); and

17 WHEREAS, It is less costly for the state to finance its share of the project at lower interest
18 rates than for the city to finance the project at higher interest rates and seek state housing aid
19 reimbursement from the state; and

20 WHEREAS, The project will be financed through bonds issued by the Rhode Island health
21 and educational building corporation (the "corporation") under its school financing revenue bond
22 program, with an expected term of not to exceed thirty (30) years and it is anticipated that the state
23 will be a signatory to the financing agreement with the corporation; and

24 WHEREAS, It is anticipated that the state's payment obligations to the corporation under
25 the financing agreement will be subject to appropriation therefor by the general assembly in each
26 budget year; and

27 WHEREAS, The Rhode Island public corporation debt management act requires the
28 general assembly to provide its consent to the issuance or incurring by the State of Rhode Island of
29 certain obligations, including financing guarantees or other payment agreements; and

30 WHEREAS, The total project costs and costs of financing covered by the financing
31 agreement are not expected to exceed three hundred thirty million dollars (\$330,000,000). Debt
32 service payments will be supported by revenues received by the corporation under the financing
33 agreement which include annual appropriations for debt service made by the state and payments
34 from the city of Pawtucket under the financing agreement. Total debt service on the bonds issued

1 by the corporation (the "corporation bonds") is not expected to exceed twenty-two million two
2 hundred one thousand dollars (\$22,201,000) annually and four hundred thirty five million six
3 hundred fifty two thousand eight hundred seventy-five dollars (\$435,652,875) in the aggregate
4 based on an average interest rate of five percent (5%); now, therefore be it

5 RESOLVED, That this general assembly hereby approves the financing in an amount up
6 to three hundred thirty million dollars (\$330,000,000) for the project, plus such additional amount
7 as is required to finance costs of issuance, funding of debt service reserves, if required, and
8 capitalized interest thereon; and be it further

9 RESOLVED, That the state, acting through the governor and the general treasurer, may
10 execute the financing agreement as contemplated herein and any other agreements necessary to
11 effectuate the purposes of this act; and be it further

12 RESOLVED, That the corporation bonds will be special obligations of the corporation
13 payable from funds received by the corporation under the financing agreement and other revenues
14 received by the corporation, in any combination or priority as may be designated in the proceedings
15 of the corporation authorizing the issuance of such debt. The total debt service on the corporation
16 bonds is estimated to average approximately twenty-two million, two hundred one thousand dollars
17 (\$22,201,000) per year or approximately four hundred thirty-five million six hundred fifty-two
18 thousand eight hundred seventy-five dollars (\$435,652,875) in the aggregate, at an average interest
19 rate of approximately five percent (5%) and an approximately thirty (30) year maturity; and be it
20 further

21 RESOLVED, That the corporation bonds will not constitute indebtedness of the state or
22 any of its subdivisions or a debt for which the full faith and credit of the state or any of its
23 subdivisions is pledged. This act shall constitute an enabling act of the general assembly that is
24 required pursuant to § 16-7-44; and be it further

25 RESOLVED, That the state's authority to incur the obligations set forth herein will expire
26 within five (5) years of the date of passage of this act if such financing transaction is not executed
27 prior to that date; and be it further

28 RESOLVED, That no corporation bonds shall be issued unless the project shall be
29 approved by the Rhode Island department of education; and be it further

30 RESOLVED, That the governor, the general treasurer and the state budget officer, on
31 behalf of the state are hereby authorized to execute such documents or other papers as either of
32 them deem necessary or desirable to carry out the intent of this act and are also authorized to take
33 all actions and execute all documents or agreements necessary to comply with federal tax and
34 securities laws, which documents or agreements may have a term coextensive with the maturity of

1 the corporation bonds authorized hereby, including Rule 15c2-12 of the Securities and Exchange
2 Commission (the "Rule") and to execute and deliver a continuing disclosure agreement or
3 certificate in connection with the corporation bonds in the form as shall be deemed advisable by
4 such officers in order to comply with the rule.

5 SECTION 3. Sections 1, 2, and this Section 3 of this act shall take effect upon the passage.

6 SECTION 4. Sections 4 through 19 of this act shall be entitled "AN ACT AUTHORIZING
7 THE CITY OF PAWTUCKET TO FINANCE THE ACQUISITION, CONSTRUCTION,
8 IMPROVEMENT, FURNISHING AND EQUIPPING OF A NEW HIGH SCHOOL AND
9 SCHOOL FACILITIES AND ALL EXPENSES INCIDENT THERETO, INCLUDING,
10 BUT NOT LIMITED TO, COSTS OF DESIGN, DEMOLITION,
11 ATHLETIC FIELDS, LANDSCAPING AND PARKING BY THE ISSUANCE OF NOT MORE
12 THAN \$53,790,000 IN CITY BONDS, CITY NOTES AND/OR OTHER EVIDENCES OF
13 INDEBTEDNESS THEREFOR".

14 SECTION 5. The city of Pawtucket is hereby empowered, in addition to authority
15 previously granted, to issue bonds and other evidences of indebtedness (the "city bonds") in an
16 amount not exceeding fifty-three million seven hundred ninety thousand dollars (\$53,790,000)
17 from time to time under its corporate name and seal. The city bonds shall be issued to the state or
18 to the Rhode Island health and educational building corporation (or to an entity designated by the
19 state or the Rhode Island health and educational building corporation) to evidence the obligation
20 of the city to pay for a portion of the project described in Section 7. The city bonds of each issue
21 may be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term
22 bonds or a combination thereof and shall be payable either by maturity of principal in the case of
23 serial bonds or by mandatory serial redemption in the case of term bonds, in installments of
24 principal, the first installment to be not later than five (5) years and the last installment not later
25 than thirty (30) years after the date the city bonds are issued. Annual installments of principal may
26 be provided for by maturity of principal in the case of serial bonds or by mandatory serial
27 redemption in the case of term bonds. The amount of principal appreciation each year on any city
28 bonds, if any after the date of original issuance, shall not be considered to be principal indebtedness
29 for the purposes of any constitutional or statutory debt limit or any other limitation. The
30 appreciation of principal after the date of original issue shall be considered interest. Only the
31 original principal amount shall be counted in determining the principal amount so issued and any
32 interest component shall be disregarded.

33 SECTION 6. This act shall constitute an enabling act of the general assembly that is
34 required pursuant to § 16-7-44. The project shall not be eligible for state housing aid reimbursement

1 calculated pursuant to § 16-7-39 but shall be eligible for state housing aid "bonus" incentives
2 pursuant to § 16-7-40 and foundational aid offered on a pay-as-you-go basis pursuant to § 45-38.2-
3 4. No city bonds shall be issued unless the school projects described herein have been approved
4 by the Rhode Island department of education.

5 SECTION 7. The city bonds shall be signed by the mayor and the director of finance and
6 shall be issued and sold in such amounts as the city council may authorize. The manner of sale,
7 denominations, maturities, interest rates and other terms, conditions and details of any city bonds
8 or city notes issued under this act may be fixed by the proceedings of the city council authorizing
9 the issue or by separate resolution of the city council or, to the extent provisions for these matters
10 are not so made, they may be fixed by the officers authorized to sign the city bonds or city notes.
11 Notwithstanding anything contained in this act to the contrary, the city may enter into financing
12 agreements with the Rhode Island health and educational building corporation pursuant to chapter
13 7 of title 16 and chapter 38.1 of title 45 and, with respect to city bonds or city notes issued in
14 connection with such financing agreements, if any, the city may elect to have the provisions of
15 chapter 38.1 of title 45 apply to the issuance of the city bonds or city notes issued hereunder to the
16 extent the provisions of chapter 38.1 of title 45 are inconsistent herewith. Such election may be
17 fixed by the proceedings of the city council authorizing such issuance of by separate resolution of
18 the city council, or, to the extent provisions for these matters are not so made, they may be fixed
19 by the officers authorized to sign the city bonds or city notes. The proceeds derived from the sale
20 of the city bonds shall be delivered to the director of finance, and such proceeds exclusive of
21 premiums and accrued interest shall be expended:

22 (1) For the acquisition, construction, improvement, furnishing and equipping of a
23 new high school and school facilities and all expenses incident thereto, including, but not limited
24 to, costs of design, demolition, athletic fields, landscaping and parking and all costs related thereto
25 either directly or as a reimbursement to the state to the extent the state pays for and or finances such
26 costs hereunder;

27 (2) For payment of the principal or interest on temporary city notes issued under Section
28 8;

29 (3) In payment of capitalized interest on city bonds or city notes;

30 (4) In repayment of advances under Section 9; or

31 (5) In payment of related costs of issuance of any city bonds or city notes. No purchaser
32 of any city bonds or city notes under this act shall be in any way responsible for the proper
33 application of the proceeds derived from the sales thereof. The project shall be carried out and all
34 contracts made therefor on behalf of the city and the school building committee. The proceeds of

1 city bonds or city notes issued under this act, any applicable federal or state assistance and other
2 monies referred to in Sections 10 and 14, shall be deemed appropriated for the purposes of this act
3 without further action than that required by this act. The city bond issue authorized by this act may
4 be consolidated for the purposes of issuance and sale with any other bond issue of the city
5 heretofore or hereafter authorized; provided that, notwithstanding any such consolidation, the
6 proceeds from the sale of the city bonds authorized by this act shall be expended for the purposes
7 set forth above.

8 SECTION 8. The city council may by resolution authorize the issue from time to time of
9 interest bearing or discounted notes (the "city notes") in anticipation of the issue of city bonds or
10 in anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
11 original city notes issued in anticipation of city bonds may not exceed the amount of city bonds
12 which may be issued under this act, and the amount of original city notes issued in anticipation of
13 federal or state aid may not exceed the amount of available federal or state aid as estimated by the
14 director of finance. Temporary city notes issued hereunder shall be signed by the manual or
15 facsimile signatures of the director of finance and the mayor, shall be payable within five (5) years
16 from their respective dates, but the principal of and interest on city notes issued for a shorter period
17 may be renewed or paid from time to time by the issue of other city notes thereunder provided the
18 period from the date of an original note to the maturity or any note issued to renew or pay the same
19 debt or the interest thereon shall not exceed five (5) years. Any temporary city notes in anticipation
20 of city bonds issued under this section may be refunded prior to the maturity of the city notes by
21 the issuance of additional temporary city notes; provided that, no such refunding shall result in any
22 amount of such temporary city notes outstanding at any one time in excess of two hundred percent
23 (200%) of the amount of city bonds which may be issued under this act; and provided, further that,
24 if the issuance of any such refunding city notes results in any amount of such temporary city notes
25 outstanding at any one time in excess of the amount of city bonds which may be issued under this
26 act, the proceeds of such refunding city notes shall be deposited in a separate fund established with
27 the bank which is paying agent for the city notes being refunded. Pending their use to pay the city
28 notes being refunded, monies in the fund shall be invested for the benefit of the city by the paying
29 agent at the direction of the director of finance in any investment permitted under Section 10. The
30 monies in the fund and any investments held as a part of the fund shall be held in trust and shall be
31 applied by the paying agent solely to the payment or prepayment of the principal of and interest on
32 the city notes being refunded. Upon payment of all principal of and interest on the city notes, any
33 excess monies in the fund shall be distributed to the city. The city may pay the principal of and
34 interest on city notes, in full, from other than the issuance of refunding city notes prior to the

1 issuance of city bonds pursuant to Section 5 hereof. In such case, the city's authority to issue city
2 bonds or city notes in anticipation of city bonds under this act shall continue provided that:

3 (1) The city council passes a resolution evidencing the city's intent to pay off the city notes
4 without extinguishing the authority to issue city bonds or city notes; and

5 (2) That the period from the date of an original city note to the maturity date of any other
6 city note shall not exceed five (5) years.

7 SECTION 9. Pending any authorization or issue of city bonds hereunder or pending or in
8 lieu of any authorization or issue of city notes hereunder, the director of finance, with the approval
9 of the city council, may, to the extent that city bonds or city notes may be issued hereunder, apply
10 funds in the treasury of the city to the purposes specified in Section 7, such advances to be repaid
11 without interest from the proceeds of city bonds or city notes subsequently issued or from the
12 proceeds of applicable federal or state assistance or from other available funds.

13 SECTION 10. Any proceeds of city bonds or city notes issued hereunder or of any
14 applicable federal or state assistance, pending their expenditure, may be deposited or invested by
15 the director of finance in demand deposits, time deposits or savings deposits in banks which are
16 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by
17 the United States of America or by any agency or instrumentality thereof or as may be provided in
18 any other applicable law of the State of Rhode Island or resolution of the city council or pursuant
19 to an investment policy of the city.

20 SECTION 11. Any accrued interest received upon the sale of city bonds or city notes
21 hereunder shall be applied to the payment of the first interest due thereon. Any premiums arising
22 from the sale of city bonds or city notes hereunder and any earnings or net profit realized from the
23 deposit or investment of funds hereunder shall, in the discretion of the director of finance, be
24 applied to the cost of preparing, issuing, and marketing city bonds or city notes hereunder to the
25 extent not otherwise provided, to the payment of the cost of the project, to the costs of additional
26 improvements coming within the description of the project, to the payment of the principal of or
27 interest on city bonds or city notes issued hereunder or to any one or more of the foregoing. The
28 cost of preparing, issuing and marketing city bonds or city notes hereunder may also, in the
29 discretion of the director of finance, be met from bond or note proceeds exclusive of accrued
30 interest or from other monies available therefor. Any balance of city bond or note proceeds
31 remaining after payment of the cost of the projects and the cost of preparing, issuing and marketing
32 city bonds or city notes hereunder shall be applied to the payment of the principal of or interest on
33 city bonds or city notes issued hereunder. To the extent permitted by applicable federal laws, any
34 earnings or net profit realized from the deposit or investment of funds hereunder may, upon receipt,

1 be added to and dealt with as part of the revenues of the city from property taxes. In exercising any
2 discretion under this section, the director of finance shall be governed by any instructions adopted
3 by resolution of the city council.

4 SECTION 12. All city bonds and city notes issued under this act and the debts evidenced
5 thereby shall be obligatory on the city in the same manner and to the same extent as other debts
6 lawfully contracted by it and shall be excepted from the operation of § 45-12-2. No such obligation
7 shall at any time be included in the debt of the city for the purpose of ascertaining its borrowing
8 capacity. The city shall annually appropriate a sum sufficient to pay the principal and interest
9 coming due within the year on city bonds and city notes issued hereunder to the extent that monies
10 therefor are not otherwise provided. If such sum is not appropriated, it shall nevertheless be added
11 to the annual tax levy. In order to provide such sum in each year and notwithstanding any provision
12 of law to the contrary, all taxable property in the city shall be subject to ad valorem taxation by the
13 city without limitation as to rate or amount.

14 SECTION 13. Any city bonds or city notes issued under the provisions of this act, if
15 properly executed by officers of the city in office on the date of execution, shall be valid and binding
16 according to their terms notwithstanding that before the delivery thereof and payment therefor any
17 or all of such officers shall for any reason have ceased to hold office.

18 SECTION 14. The city, acting by resolution of its city council is authorized to apply for,
19 contract for and expend any federal or state advances or other grants or assistance which may be
20 available for the purposes of this act, and any such expenditures may be in addition to other monies
21 provided in this act. To the extent of any inconsistency between any law of this state and any
22 applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
23 interest where applicable, whether contracted for prior to or after the effective date of this act, may
24 be repaid as project costs under Section 7.

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

34 SECTION 16. All or any portion of the authority to issue city bonds and city notes under

1 this act may be extinguished by resolution of the city council, without further action by the general
2 assembly seven (7) years after the effective date of this act.

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

11 SECTION 18. The question of the approval of Sections 4 through 17 of this act shall be
12 submitted to the electors of the city at the election to be held on November 8, 2022, or at a special
13 local election (other than a primary), on a date as shall be designated by the city council. The
14 question shall be submitted in substantially the following form: "Shall an Act, passed at the 2022
15 session of the general assembly, entitled in part, 'AN ACT AUTHORIZING THE CITY OF
16 PAWTUCKET TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT,
17 FURNISHING AND EQUIPPING OF A NEW HIGH SCHOOL AND SCHOOL FACILITIES
18 AND ALL EXPENSES INCIDENT THERETO, INCLUDING, BUT NOT LIMITED TO, COSTS
19 OF DESIGN, DEMOLITION, ATHLETIC FIELDS, LANDSCAPING AND PARKING BY THE
20 ISSUANCE OF NOT MORE THAN \$53,790,000 IN CITY BONDS, CITY NOTES AND/OR
21 OTHER EVIDENCES OF INDEBTEDNESS THEREFOR' be approved?" and the warning for the
22 election shall contain the question to be submitted. From the time the election is warned and until
23 it is held, it shall be the duty of the city clerk to keep a copy of the act available at his/her office for
24 public inspection, but the validity of the election shall not be affected by this requirement.

25 SECTION 19. Sections 1 through 3 and Sections 18 and 19 of this act shall take effect
26 upon the passage. Sections 4 through 17 of this act shall take effect upon the approval of this act
27 by a majority of those voting on the question at the election prescribed by section 18.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE STATE TO ENTER INTO A FINANCING AGREEMENT RELATING TO SCHOOL CONSTRUCTION IN THE CITY OF PAWTUCKET AND AUTHORIZING THE CITY OF PAWTUCKET TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, FURNISHING, AND EQUIPPING OF A NEW HIGH SCHOOL AND SCHOOL FACILITIES AND ALL EXPENSES INCIDENT THERETO, INCLUDING, BUT NOT LIMITED TO, COSTS OF DESIGN, DEMOLITION, ATHLETIC FIELDS, LANDSCAPING AND PARKING BY THE ISSUANCE OF NOT MORE THAN \$53,790,000 IN CITY BONDS, CITY NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

1 This act would serve as the joint resolution required pursuant to Rhode Island General
2 Laws chapter 18 of title 35 (the “Rhode Island public corporation debt management act”) for the
3 city of Pawtucket school project hereafter defined.

4 This act would also authorize the City of Pawtucket to issue city bonds, city notes or other
5 evidences of indebtedness in an amount not to exceed fifty-three million seven hundred ninety
6 thousand dollars (\$53,790,000) to finance the acquisition, construction, improvement, furnishing
7 and equipping of a new high school and school facilities and all expenses incident
8 thereto, including, but not limited to, costs of design, demolition, athletic fields, landscaping and
9 parking.

10 This act would constitute an enabling act of the general assembly that is required pursuant
11 to § 16-7-44. The project shall not be eligible for state housing aid reimbursement calculated
12 pursuant to § 16-7-39 but shall be eligible for state housing aid “bonus” incentives pursuant to §
13 16-7-40 and foundational aid offered on a pay-as-you-go basis pursuant to § 45-38.2-4. No bonds
14 shall be issued under the act unless the school projects have been approved by the Rhode Island
15 department of education.

16 Sections 1 through 3 and sections 18 and 19 of the act would take effect upon passage.
17 Sections 4 through 17 of the act would take effect upon the approval of the act by a majority of
18 those voting on the question at the election prescribed by section 18 of the act.

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