

2022 -- H 8274

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LC006008
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

AUTHORIZING THE CITY OF EAST PROVIDENCE TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$148,000,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 48.5% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE SCHOOL BUILDING AUTHORITY CAPITAL FUND

Introduced By: Representatives Amore, Kazarian, Henries, and Cassar

Date Introduced: May 20, 2022

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of East Providence is hereby empowered, in addition to authority
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up to
3 an amount not exceeding one hundred forty-eight million dollars (\$148,000,000) from time to time
4 under its corporate name and seal or a facsimile of such seal; provided, however, that bonds shall
5 not be issued unless the conditions of section 2 hereof as to the level of state aid are met. The bonds
6 of each issue may be issued in the form of serial bonds or term bonds or a combination thereof and
7 shall be payable either by maturity of principal in the case of serial bonds or by mandatory sinking
8 fund installments in the case of term bonds, in annual installments of principal, the first installment
9 to be not later than five (5) years and the last installment not later than thirty (30) years after the
10 date of the bonds. All such bonds of a particular issue may be issued in the form of zero coupon
11 bonds, capital appreciation bonds, serial bonds or term bonds or a combination thereof. The amount
12 of principal appreciation each year on any bonds, after the date of original issuance, shall not be
13 considered to be principal indebtedness for the purposes of any constitutional or statutory debt limit
14 or any other limitation. The appreciation of principal after the date of original issue shall be
15 considered interest. Only the original principal amount shall be counted in determining the principal

1 amount so issued and any interest component shall be disregarded.

2 SECTION 2. The city may be eligible for school housing aid reimbursement on debt
3 service pursuant to chapter 7 of title 16, or for a grant, loan or other "financial assistance" as defined
4 in § 45-38.2-1, from the school building authority capital fund under chapter 38.2 of title 45. The
5 amount of borrowing authorized pursuant to this act shall be reduced by the amount of any grant
6 received by the city from the school building authority capital fund. Bonds, notes or other evidences
7 of indebtedness shall not be issued under this act unless the city has received preliminary indication
8 from the Rhode Island department of education ("RIDE") confirming that the then-current school
9 housing aid reimbursement rate under chapter 7 of title 16, as amended from time to time, or
10 financial assistance from the school building authority capital fund, or pursuant to any other law
11 hereafter enacted providing for funds to municipalities for school housing purposes, is not less than
12 fifty percent (50%) of debt service for those expenditures which are eligible for state aid.

13 SECTION 3. The bonds shall be signed by the manual or facsimile signatures of the city
14 director of finance and the mayor and shall be issued and sold in such amounts as the city council
15 may authorize by resolution. The manner of sale, denominations, maturities, interest rates and other
16 terms, conditions and details of any bonds or notes issued under this act may be fixed by the
17 proceedings of the city council authorizing the issue or by separate resolution of the city council
18 or, to the extent provisions for these matters are not so made, they may be fixed by the officers
19 authorized to sign the bonds. Notwithstanding anything contained in this act to the contrary, the
20 city may enter into financing agreements with the Rhode Island health and educational building
21 corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45 and, with respect to bonds
22 or notes issued in connection with such financing agreements, if any, the city may elect to have the
23 provisions of chapter 38.1 of title 45 apply to the issuance of the bonds or notes issued hereunder
24 to the extent the provisions of chapter 38.1 of title 45 are inconsistent herewith. In addition, the city
25 may enter into financing agreements with the Rhode Island infrastructure bank pursuant to the
26 provisions of chapter 12.2 of title 46 and, with respect to bonds or notes issued in connection with
27 such financing agreements, if any, the city may elect to have the provisions of chapter 12.2 of title
28 46 apply to the issuance of the bonds or notes issued hereunder to the extent the provisions of
29 chapter 12.2 of title 46 are inconsistent herewith. Such election may be fixed by the proceedings of
30 the city council authorizing such issuance of by separate resolution of the city council, or, to the
31 extent provisions for these matters are not so made, they may be fixed by the officers authorized to
32 sign the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the
33 city director of finance, and such proceeds, exclusive of premiums and accrued interest shall be
34 expended: (1) For the construction, renovation, improvement, alteration, repair, furnishing and

1 equipping of schools and school facilities in the city and all costs related thereto; (2) In payment of
2 the principal of or interest on temporary notes issued under section 4; (3) In repayment of advances
3 under section 5; (4) In payment of related costs of issuance of any bonds or notes; and/or (5) In
4 payment of capitalized interest during construction of the project (the "project"). No purchaser of
5 any bonds or notes under this act shall be in any way responsible for the proper application of the
6 proceeds derived from the sale thereof. The project shall be carried out and all contracts made
7 therefor on behalf of the city by the city school building committee. The proceeds of bonds or notes
8 issued under this act, any applicable federal or state assistance and the other monies referred to in
9 sections 7 and 10 shall be deemed appropriated for the purposes of this act without further action
10 than that required by this act. The bonds authorized by this act may be consolidated for the purpose
11 of issuance and sale with any other bonds of the city heretofore or hereafter authorized; provided
12 that, notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized
13 by this act shall be expended for the purposes set forth above.

14 SECTION 4. The city council may by resolution authorize the issuance from time to time
15 of interest bearing or discounted notes in anticipation of the issuance of bonds or in anticipation of
16 the receipt of federal or state aid for the purposes of this act. The amount of original notes issued
17 in anticipation of bonds may not exceed the amount of bonds which may be issued under this act
18 (without any reduction for any grant to be received from the school building authority capital fund),
19 and the amount of original notes issued in anticipation of federal or state aid may not exceed the
20 amount of available federal or state aid as estimated by the director of finance. Temporary notes
21 issued hereunder shall be signed by the manual or facsimile signatures of the city director of finance
22 and the mayor and shall be payable within five (5) years from their respective dates, but the
23 principal of and interest on notes issued for a shorter period may be renewed or paid from time to
24 time by the issuance of other notes hereunder; provided, the period from the date of an original note
25 to the maturity of any note issued to renew or pay the same debt or interest thereon shall not exceed
26 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be
27 refunded prior to the maturity of the notes by the issuance of additional temporary notes; provided
28 that, no such refunding shall result in any amount of such temporary notes outstanding at any one
29 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under
30 this act; and provided, further that if the issuance of any such refunding notes results in any amount
31 of such temporary notes outstanding at any one time in excess of the amount of bonds which may
32 be issued under this act, the proceeds of such refunding notes shall be deposited in a separate fund
33 established with the bank which is paying agent for the notes being refunded. Pending their use to
34 pay the notes being refunded, monies in the fund shall be invested for the benefit of the city by the

1 paying agent at the direction of the city director of finance in any investment permitted under
2 section 6. The monies in the fund and any investments held as part of the fund shall be held in trust
3 and shall be applied by the paying agent solely to the payment or prepayment of the principal of
4 and interest on the notes being refunded. Upon payment of all principal of and interest on the notes,
5 any excess monies in the fund shall be distributed to the city. The city may pay the principal of and
6 interest on notes in full from other than the issuance of refunding notes prior to the issuance of
7 bonds pursuant to section 1 hereof. In such case, the city's authority to issue bonds or notes in
8 anticipation of bonds under this act shall continue provided that: (1) The city council passes a
9 resolution evidencing the city's intent to pay off the notes without extinguishing the authority to
10 issue bonds or notes; and (2) That the period from the date of an original note to the maturity date
11 of any other note shall not exceed five (5) years.

12 SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu
13 of any authorization or issue of notes hereunder, the city director of finance, with the approval of
14 the city council, may, to the extent that bonds or notes may be issued hereunder, apply funds in the
15 treasury of the city to the purposes specified in section 3, such advances to be repaid without interest
16 from the proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal
17 or state assistance or from other available funds.

18 SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable federal
19 or state assistance, pending their expenditure may be deposited or invested by the city director of
20 finance in demand deposits, time deposits or savings deposits in banks which are members of the
21 Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United States
22 of America or by any agency or instrumentality thereof or as may be provided in any other
23 applicable law of the State of Rhode Island or resolution of the city council or pursuant to an
24 investment policy of the city.

25 SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder shall
26 be applied to the payment of the first interest due thereon. Any premium arising from the sale of
27 bonds or notes hereunder shall, in the discretion of the city director of finance, be applied to the
28 cost of preparing, issuing and marketing bonds or notes hereunder to the extent not otherwise
29 provided, to the payment of the project costs, to the payment of the principal of or interest on bonds
30 or notes issued hereunder or to any one or more of the foregoing. The cost of preparing, issuing
31 and marketing bonds or notes hereunder may also, in the discretion of the city director of finance,
32 be met from bond or note proceeds exclusive of accrued interest or from other monies available
33 therefor. Any balance of bond or note proceeds remaining after payment of the cost of the projects
34 and the cost of preparing, issuing and marketing bonds or notes hereunder, shall be applied to the

1 payment of the principal of or interest on bonds or notes issued hereunder. To the extent permitted
2 by applicable federal laws, any earnings or net profit realized from the deposit or investment of
3 funds hereunder may, upon receipt, be added to and dealt with as part of the revenues of the city
4 from property taxes. In exercising any discretion under this section, the city director of finance shall
5 be governed by any instructions adopted by resolution of the city council.

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

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

20 SECTION 10. The city, acting by resolution of its city council, is authorized to apply for,
21 contract for and expend any federal or state advances or other grants or assistance which may be
22 available for the purposes of this act, and any such expenditures may be in addition to the monies
23 provided in this act. To the extent of any inconsistency between any law of this state and any
24 applicable federal law or regulation, the latter shall prevail. Federal and state advances, with interest
25 where applicable, whether contracted for prior to or after the effective date of this act, may be
26 repaid as project costs under section 3.

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

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

10 SECTION 13. All or any portion of the authorized but unissued authority to issue bonds
11 and notes under this act may be extinguished by resolution of the city council after seven (7) years
12 shall have passed from the approval of this act provided for in section 14, without further action by
13 the general assembly.

14 SECTION 14. At the general election to be held on November 8, 2022 or at a local election,
15 other than a primary, to be held on a date designated by the city council, there shall be submitted
16 to electors of the city a question in substantially the following form: "Shall An Act passed at the
17 January, 2022 Session of the General Assembly Entitled 'AN ACT AUTHORIZING THE CITY
18 OF EAST PROVIDENCE TO FINANCE THE CONSTRUCTION, RENOVATION,
19 IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS
20 AND SCHOOL FACILITIES IN THE CITY AND ALL COSTS RELATED THERETO BY THE
21 ISSUANCE OF NOT MORE THAN \$148,000,000 BONDS, NOTES AND/OR OTHER
22 EVIDENCES OF INDEBTEDNESS THEREFOR, SUBJECT TO APPROVAL OF STATE
23 HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS
24 THAN 48.5% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT
25 THE AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE
26 SCHOOL BUILDING AUTHORITY CAPITAL FUND' be approved?" and the warning for the
27 election shall contain the question to be submitted. From the time the election is warned and until
28 it is held, it shall be the duty of the city clerk to keep a copy of this act available at the clerk's office
29 for public inspection, but the validity of the election shall not be affected by this requirement. To
30 the extent of any inconsistency between this act and the city charter, this act shall prevail.

31 SECTION 15. This act shall constitute an enabling act of the general assembly that is
32 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under
33 this act for school projects shall not be eligible for state housing aid reimbursement pursuant to §
34 16-7-44 unless the school projects described herein have been approved by RIDE.

1 SECTION 16. Sections 14 and 16 shall take effect upon the passage. The remainder of this
2 act shall take effect upon the approval of this act by a majority of those voting on the question at
3 the election prescribed by section 14.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF EAST PROVIDENCE TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY BY THE ISSUANCE OF NOT MORE THAN \$148,000,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 48.5% FOR EXPENDITURES ELIGIBLE FOR STATE AID AND PROVIDED THAT THE AUTHORIZATION SHALL BE REDUCED BY ANY GRANT RECEIVED FROM THE SCHOOL BUILDING AUTHORITY CAPITAL FUND

1 This act would authorize the city of East Providence to issue bonds and notes in an amount
2 not exceeding one hundred forty-eight million dollars (\$148,000,000) to finance the construction,
3 renovation, improvement, alteration, repair, furnishing and equipping of schools and school
4 facilities in the city and all costs related thereto, subject to approval of state housing aid at a
5 reimbursement rate or state share ratio of not less than forty-eight and five-tenths percent (48.5%)
6 for expenditures eligible for state aid and provided that the authorization would be reduced by any
7 grant received from the school building authority capital fund. The city may be eligible for school
8 housing aid reimbursement on debt service pursuant to chapter 7 of title 16, or for a grant, loan or
9 other "financial assistance" as defined in § 45-38.2-1, from the school building authority capital
10 fund under chapter 38.2 of title 45. The amount of borrowing authorized pursuant to this act would
11 be reduced by the amount of any grant received by the city from the school building authority
12 capital fund. Bonds, notes or other evidences of indebtedness would not be issued under this act
13 unless the city has received preliminary indication from the Rhode Island department of education
14 ("RIDE") confirming that the then-current school housing aid reimbursement rate under chapter 7
15 of title 16, as amended from time to time, or financial assistance from the school building authority
16 capital fund, or pursuant to any other law hereafter enacted providing for funds to municipalities
17 for school housing purposes, is not less than forty-eight and five-tenths percent (48.5%) of those
18 expenditures which are eligible for state aid.

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

1 Sections 14 and 16 would take effect upon the passage. The remainder of this act would
2 take effect upon the approval of this act by a majority of those voting on the question at the election
3 prescribed by section 14.

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