

2023 -- H 5526 SUBSTITUTE A

LC001506/SUB A/2

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

AUTHORIZING THE TOWN OF MIDDLETOWN TO ISSUE NOT TO EXCEED \$190,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, FURNISHING AND EQUIPPING OF A MIDDLE SCHOOL AND HIGH SCHOOL AND THE RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOL FACILITIES THROUGHOUT THE TOWN AND ALL ATTENDANT EXPENSES INCLUDING, BUT NOT LIMITED TO, DEMOLITION, ENGINEERING, ARCHITECTURAL AND LANDSCAPING COSTS

Introduced By: Representatives Cortvriend, Abney, and Finkelman

Date Introduced: February 10, 2023

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of Middletown is hereby empowered, in addition to authority
2 previously granted, to issue bonds, notes and other evidences of indebtedness (hereinafter "bonds")
3 up to an amount not exceeding one hundred ninety million dollars (\$190,000,000) from time to
4 time under its corporate name and seal or a facsimile of such seal. The bonds of each issue may be
5 issued in the form of serial bonds or term bonds or a combination thereof and shall be payable
6 either by maturity of principal in the case of serial bonds or by sinking fund installments in the case
7 of term bonds, in annual installments of principal, the first installment to be not later than five (5)
8 years and the last installment not later than thirty (30) years after the date of the bonds. All such
9 bonds of a particular issue may be issued in the form of zero coupon bonds, capital appreciation
10 bonds, serial bonds or term bonds or a combination thereof. The amount of principal appreciation
11 each year on any bonds, after the date of original issuance, shall not be considered to be principal
12 indebtedness for the purposes of any constitutional or statutory debt limit or any other limitation.
13 The appreciation of principal after the date of original issue shall be considered interest. Only the
14 original principal amount shall be counted in determining the principal amount so issued and any
15 interest component shall be disregarded.

1 SECTION 2. The town may be eligible for school housing aid reimbursement on debt
2 service pursuant to chapter 7 of title 16, or for a grant, loan or other financial assistance from
3 proceeds of bonds issued by the State of Rhode Island (the "state"), from the Rhode Island
4 department of education ("RIDE") or from the Rhode Island school building authority.

5 SECTION 3. The bonds shall be signed by the manual or facsimile signatures of the town
6 finance director and the president of the town council and shall be issued and sold in such amounts
7 as the town council may authorize by resolution. The manner of sale, denominations, maturities,
8 interest rates and other terms, conditions and details of any bonds or notes issued under this act
9 may be fixed by the resolutions of the town council authorizing the issue or by separate resolution
10 of the town council or, to the extent provisions for these matters are not so made, they may be fixed
11 by the officers authorized to sign the bonds or notes. Notwithstanding anything contained in this
12 act to the contrary, the town may enter into financing agreements with the Rhode Island health and
13 educational building corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45 and,
14 with respect to bonds or notes issued in connection with such financing agreements, if any, the
15 town may elect to have the provisions of chapter 38.1 of title 45 apply to the issuance of the bonds
16 or notes issued hereunder to the extent the provisions of chapter 38.1 of title 45 are inconsistent
17 herewith. In addition, the town may enter into financing agreements with the Rhode Island
18 infrastructure bank pursuant to the provisions of chapter 12.2 of title 46 and, with respect to notes
19 or bonds issued in connection with such financing agreements, if any, the town may elect to have
20 the provisions of chapter 12.2 of title 46 apply to the issuance of the bonds or notes issued hereunder
21 to the extent the provisions of chapter 12.2 of title 46 are inconsistent herewith. Such election may
22 be fixed by the proceedings of the town council authorizing such issuance of by separate resolution
23 of the town council, or, to the extent provisions for these matters are not so made, they may be
24 fixed by the officers authorized to sign the bonds or notes. The proceeds derived from the sale of
25 the bonds shall be delivered to the town finance director, and such proceeds exclusive of premiums
26 and accrued interest shall be expended: (1) To finance the construction, furnishing and equipping
27 of a middle school and high school and the renovation, improvement, alteration, repair, furnishing
28 and equipping of school facilities throughout the town and all attendant expenses including, but not
29 limited to, demolition, engineering, architectural and landscaping costs; (2) In payment of the
30 principal of or interest on temporary notes issued under section 4; (3) In repayment of advances
31 under section 5; (4) In payment of related costs of issuance of any bonds or notes; and/or (5) In
32 payment of capitalized interest during construction of the project (the "project"). No purchaser of
33 any bonds or notes under this act shall be in any way responsible for the proper application of the
34 proceeds derived from the sale thereof. The project shall be carried out and all contracts made

1 therefor on behalf of the town by the town council. The town council and its agents are authorized
2 to enter, without delay and at reasonable times, any public school buildings and other public school
3 property for the purpose of accomplishing the project and to do all acts and deeds necessary or
4 convenient in connection with the project. The proceeds of bonds or notes issued under this act,
5 any applicable federal or state assistance and the other monies referred to in sections 7 and 10 shall
6 be deemed appropriated for the purposes of this act without further action than that required by this
7 act. The bonds authorized by this act may be consolidated for the purpose of issuance and sale with
8 any other bonds of the town heretofore or hereafter authorized; provided that, notwithstanding any
9 such consolidation, the proceeds from the sale of the bonds authorized by this act shall be expended
10 for the purposes set forth above.

11 SECTION 4. The town council may by resolution authorize the issuance from time to time
12 of interest bearing or discounted notes in anticipation of the issuance of bonds or in anticipation of
13 the receipt of federal or state aid for the purposes of this act. The amount of original notes issued
14 in anticipation of bonds may not exceed the amount of bonds which may be issued under this act
15 and the amount of original notes issued in anticipation of federal or state aid may not exceed the
16 amount of available federal or state aid as estimated by the finance director. Temporary notes issued
17 hereunder shall be signed by the manual or facsimile signatures of the town finance director and
18 the president of the town council and shall be payable within five (5) years from their respective
19 dates, but the principal of and interest on notes issued for a shorter period may be renewed or paid
20 from time to time by the issuance of other notes hereunder; provided the period from the date of an
21 original note to the maturity of any note issued to renew or pay the same debt or interest thereon
22 shall not exceed five (5) years. Any temporary notes in anticipation of bonds issued under this
23 section may be refunded prior to the maturity of the notes by the issuance of additional temporary
24 notes; provided that, no such refunding shall result in any amount of such temporary notes
25 outstanding at any one time in excess of two hundred percent (200%) of the amount of bonds which
26 may be issued under this act; and provided, further, that if the issuance of any such refunding notes
27 results in any amount of such temporary notes outstanding at any one time in excess of the amount
28 of bonds which may be issued under this act, the proceeds of such refunding notes shall be deposited
29 in trust in a separate fund established for the notes being refunded. Pending their use to pay the
30 notes being refunded, monies in the fund shall be invested for the benefit of the town by the paying
31 agent at the direction of the town finance director in any investment permitted under section 6. The
32 monies in the fund and any investments held as part of the fund shall be held in trust and shall be
33 applied by the paying agent solely to the payment or prepayment of the principal of and interest on
34 the notes being refunded. Upon payment of all principal of and interest on the notes, any excess

1 monies in the fund shall be distributed to the town. The town may pay the principal of and interest
2 on notes in full from other than the issuance of refunding notes prior to the issuance of bonds
3 pursuant to section 1 hereof. In such case, the town's authority to issue bonds or notes in anticipation
4 of bonds under this act shall continue provided that: (1) The town council passes a resolution
5 evidencing the town's intent to pay off the notes without extinguishing the authority to issue bonds
6 or notes; and (2) That the period from the date of an original note to the maturity date of any other
7 note shall not exceed five (5) years.

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

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

21 SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder shall
22 be applied to the payment of the first interest due thereon. Any premium arising from the sale of
23 bonds or notes hereunder shall, in the discretion of the town finance director, be applied to the cost
24 of preparing, issuing and marketing bonds or notes hereunder to the extent not otherwise provided,
25 to the payment of the project costs, to the payment of the principal of or interest on bonds or notes
26 issued hereunder or to any one or more of the foregoing. The cost of preparing, issuing and
27 marketing bonds or notes hereunder may also, in the discretion of the town finance director, be met
28 from bond or note proceeds exclusive of accrued interest or from other monies available therefor.
29 Any balance of bond or note proceeds remaining after payment of the cost of the projects and the
30 cost of preparing, issuing and marketing bonds or notes hereunder, shall be applied to the payment
31 of the principal of or interest on bonds or notes issued hereunder. To the extent permitted by
32 applicable federal laws, any earnings or net profit realized from the deposit or investment of funds
33 hereunder may, upon receipt, be added to and dealt with as part of the revenues of the town from
34 property taxes. In exercising any discretion under this section, the town finance director shall be

1 governed by any instructions adopted by resolution of the town council.

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

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

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

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

31 SECTION 12. The town finance director and the president of the town council, on behalf
32 of the town, are hereby authorized to execute such instruments, documents or other papers as either
33 of them deem necessary or desirable to carry out the intent of this act and are also authorized to
34 take all actions and execute all instruments, documents or agreements necessary to comply with

1 federal tax and securities laws, which instruments, documents or agreements may have a term
2 coextensive with the maturity of the bonds authorized hereby, including Rule 15c2-12 of the
3 Securities and Exchange Commission (the "Rule") and to execute and deliver a continuing
4 disclosure agreement or certificate in connection with the bonds or notes in the form as shall be
5 deemed advisable by such officers in order to comply with the Rule.

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

10 SECTION 14. The question of the approval of this act shall be submitted to the qualified
11 voters of the town at a local election to be held on November 7, 2023. The question shall be
12 submitted in substantially the following form: "Shall an act passed at the 2023 session of the general
13 assembly entitled 'AN ACT AUTHORIZING THE TOWN OF MIDDLETOWN TO ISSUE NOT
14 TO EXCEED \$190,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER
15 EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, FURNISHING
16 ANDEQUIPPING OF A MIDDLE SCHOOL AND HIGH SCHOOL AND THE RENOVATION,
17 IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOL
18 FACILITIES THROUGHOUT THE TOWN AND ALL ATTENDANT EXPENSES
19 INCLUDING, BUT NOT LIMITED TO, DEMOLITION, ENGINEERING, ARCHITECTURAL
20 AND LANDSCAPING COSTS' be approved?" and the warning for the election shall contain the
21 question to be submitted. From the time the election is warned and until it is held, it shall be the
22 duty of the town clerk to keep a copy of this act available at the clerk's office for public inspection,
23 but the validity of the election shall not be affected by this requirement. To the extent of any
24 inconsistency between this act and the town charter, this act shall prevail. Notwithstanding anything
25 contained in § 17-19-7 of the general laws to the contrary, the town's board of canvassers may
26 certify the question to the secretary of state not later than thirty (30) days prior to the date set for
27 the election.

28 SECTION 15. This section and section 14 shall take effect upon the passage of this act.
29 The remainder of this act shall take effect if a majority of those voting on the question prescribed
30 by section 14 shall vote in favor thereof.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF MIDDLETOWN TO ISSUE NOT TO EXCEED
\$190,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE THE CONSTRUCTION, FURNISHING AND EQUIPPING
OF A MIDDLE SCHOOL AND HIGH SCHOOL AND THE RENOVATION,
IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOL
FACILITIES THROUGHOUT THE TOWN AND ALL ATTENDANT EXPENSES
INCLUDING, BUT NOT LIMITED TO, DEMOLITION, ENGINEERING, ARCHITECTURAL
AND LANDSCAPING COSTS

1 This act authorizes the town of Middletown to issue not more than \$190,000,000 bonds
2 and notes to finance the construction furnishing and equipping of a middle school and high school
3 and the renovation, improvement, alteration, repair, furnishing and equipping of school facilities
4 throughout the town and all attendant expenses including, but not limited to, demolition,
5 engineering, architectural and landscaping costs.

6 Sections 14 and 15 of this act would take effect upon passage. The remainder of the act
7 would take effect if a majority of those voting on the question prescribed by section 14 would vote
8 in favor thereof. The amount of borrowing authorized pursuant to this act would be reduced by the
9 amount of certain grants actually received by the town from state bond proceeds, from RIDE or
10 from the Rhode Island school building authority.

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