

2014 -- S 3043

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

**AUTHORIZING THE TOWN OF COVENTRY TO FINANCE THE IMPROVEMENT,
RENOVATION, FURNISHING AND EQUIPPING OF PARKS AND RECREATION
DEPARTMENT BUILDINGS AND FACILITIES AND ALL COSTS INCIDENTAL OR
RELATED THERETO BY THE ISSUANCE OF NOT MORE THAN \$80,000 BONDS, NOTES
AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR**

Introduced By: Senators Kettle, and Raptakis

Date Introduced: May 29, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of Coventry is hereby empowered, in addition to authority
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up
3 to an amount not exceeding eighty thousand dollars (\$80,000) from time to time under its
4 corporate name and seal or a facsimile of such. The bonds of each issue may be issued in the form
5 of serial bonds or term bonds or a combination thereof and shall be payable either by maturity of
6 principal in the case of serial bonds or by mandatory sinking fund installments in the case of term
7 bonds, in annual installments of principal, the first installment to be not later than five (5) years
8 and the last installment not later than thirty (30) years after the date of the bonds. All such bonds
9 of a particular issue may be issued in the form of zero coupon bonds, capital appreciation bonds,
10 serial bonds or term bonds or a combination thereof. The amount of principal appreciation each
11 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.

16 SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the town
17 director of finance and the president of the town council and shall be issued and sold in such

1 amounts as the town council may authorize by resolution. The manner of sale, denominations,
2 maturities, interest rates and other terms, conditions and details of any bonds or notes issued
3 under this act may be fixed by the proceedings of the town council authorizing the issue or by
4 separate resolution of the town council or, to the extent provisions for these matters are not so
5 made, they may be fixed by the officers authorized to sign the bonds. The proceeds derived from
6 the sale of the bonds shall be delivered to the town director of finance, and such proceeds
7 exclusive of premiums and accrued interest shall be expended: (1) for the improvement,
8 renovation, furnishing and equipping of parks and recreation department buildings and facilities
9 and all costs incidental or related thereto; (2) in payment of the principal of or interest on
10 temporary notes issued under section 3; (3) in repayment of advances under section 4; (4) in
11 payment of related costs of issuance of any bonds or notes; and/or (5) in payment of capitalized
12 interest during construction of the project (the "project"). No purchaser of any bonds or notes
13 under this act shall be in any way responsible for the proper application of the proceeds derived
14 from the sale thereof. The project shall be carried out and all contracts made therefor on behalf of
15 the town by the town council. The proceeds of bonds or notes issued under this act, any
16 applicable federal or state assistance and the other monies referred to in sections 6 and 9 shall be
17 deemed appropriated for the purposes of this act without further action than that required by this
18 act. The bonds authorized by this act may be consolidated for the purpose of issuance and sale
19 with any other bonds of the town heretofore or hereafter authorized, provided that,
20 notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized by
21 this act shall be expended for the purposes set forth above.

22 SECTION 3. The town council may by resolution authorize the issuance from time to
23 time of interest bearing or discounted notes in anticipation of the issuance of bonds or in
24 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
25 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
26 issued under this act and the amount of original notes issued in anticipation of federal or state aid
27 may not exceed the amount of available federal or state aid as estimated by the director of
28 finance. Temporary notes issued hereunder shall be signed by the manual or facsimile signatures
29 of the town director of finance and the president of the town council and shall be payable within
30 five (5) years from their respective dates, but the principal of and interest on notes issued for a
31 shorter period may be renewed or paid from time to time by the issuance of other notes
32 hereunder, provided the period from the date of an original note to the maturity of any note issued
33 to renew or pay the same debt or interest thereon shall not exceed five (5) years. Any temporary
34 notes in anticipation of bonds issued under this section may be refunded prior to the maturity of

1 the notes by the issuance of additional temporary notes, provided that no such refunding shall
2 result in any amount of such temporary notes outstanding at any one time in excess of two
3 hundred percent (200%) of the amount of bonds which may be issued under this act, and
4 provided, further, that if the issuance of any such refunding notes results in any amount of such
5 temporary notes outstanding at any one time in excess of the amount of bonds which may be
6 issued under this act, the proceeds of such refunding notes shall be deposited in a separate fund
7 established with the bank which is paying agent for the notes being refunded. Pending their use to
8 pay the notes being refunded, monies in the fund shall be invested for the benefit of the town by
9 the paying agent at the direction of the town director of finance in any investment permitted under
10 section 5. The monies in the fund and any investments held as part of the fund shall be held in
11 trust and shall be applied by the paying agent solely to the payment or prepayment of the
12 principal of and interest on the notes being refunded. Upon payment of all principal of and
13 interest on the notes, any excess monies in the fund shall be distributed to the town. The town
14 may pay the principal of and interest on notes in full from other than the issuance of refunding
15 notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the town's
16 authority to issue bonds or notes in anticipation of bonds under this act shall continue provided
17 that: (1) the town council passes a resolution evidencing the town's intent to pay off the notes
18 without extinguishing the authority to issue bonds or notes; and (2) that the period from the date
19 of an original note to the maturity date of any other note shall not exceed five (5) years.

20 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
21 of any authorization or issuance of notes hereunder, the town director of finance, with the
22 approval of the town council, may, to the extent that bonds or notes may be issued hereunder,
23 apply funds in the treasury of the town to the purposes specified in section 2, such advances to be
24 repaid without interest from the proceeds of bonds or notes subsequently issued or from the
25 proceeds of applicable federal or state assistance or from other available funds.

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

33 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
34 shall be applied to the payment of the first interest due thereon. Any premium arising from the

1 sale of bonds or notes hereunder shall, in the discretion of the town director of finance, be applied
2 to the cost of preparing, issuing and marketing bonds or notes hereunder to the extent not
3 otherwise provided, to the payment of the project costs, to the payment of the principal of or
4 interest on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of
5 preparing, issuing and marketing bonds or notes hereunder may also, in the discretion of the town
6 director of finance, be met from bond or note proceeds exclusive of accrued interest or from other
7 moneys available therefor. Any balance of bond or note proceeds remaining after payment of the
8 cost of the projects and the cost of preparing, issuing and marketing bonds or notes hereunder,
9 shall be applied to the payment of the principal of or interest on bonds or notes issued hereunder.
10 To the extent permitted by applicable federal laws, any earnings or net profit realized from the
11 deposit or investment of funds hereunder may, upon receipt, be added to and dealt with as part of
12 the revenues of the town from property taxes. In exercising any discretion under this section, the
13 town director of finance shall be governed by any instructions adopted by resolution of the town
14 council.

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

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

29 SECTION 9. The town, acting by resolution of its town council, is authorized to apply
30 for, contract for and expend any federal or state advances or other grants or assistance which may
31 be available for the purposes of this act, and any such expenditures may be in addition to the
32 monies provided in this act. To the extent of any inconsistency between any law of this state and
33 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
34 interest where applicable, whether contracted for prior to or after the effective date of this act,

1 may be repaid as project costs under section 2.

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

11 SECTION 11. The town director of finance and the president of the town council, on
12 behalf of the town, are hereby authorized to execute such instruments, documents or other papers
13 as either of them deem necessary or desirable to carry out the intent of this act and are also
14 authorized to take all actions and execute all instruments, documents or agreements necessary to
15 comply with federal tax and securities laws, which instruments, documents or agreements may
16 have a term coextensive with the maturity of the bonds authorized hereby, including Rule 15c2-
17 12 of the Securities and Exchange Commission (the "Rule") and to execute and deliver a
18 continuing disclosure agreement or certificate in connection with the bonds or notes in the form
19 as shall be deemed advisable by such officers in order to comply with the Rule.

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

24 SECTION 13. At the general election to be held on November 4, 2014, there shall be
25 submitted to the electors of the town a question in substantially the following form: "Shall an act
26 passed at the 2014 session of the general assembly entitled 'AN ACT AUTHORIZING THE
27 TOWN OF COVENTRY TO FINANCE THE IMPROVEMENT, RENOVATION,
28 FURNISHING AND EQUIPPING OF PARKS AND RECREATION DEPARTMENT
29 BUILDINGS AND FACILITIES AND ALL COSTS INCIDENTAL OR RELATED THERETO
30 BY THE ISSUANCE OF NOT MORE THAN \$80,000 BONDS, NOTES AND/OR OTHER
31 EVIDENCES OF INDEBTEDNESS THEREFOR' be approved?" and the warning for the
32 election shall contain the question to be submitted. From the time the election is warned and until
33 it is held, it shall be the duty of the town clerk to keep a copy of this act available at the clerk's
34 office for public inspection, but the validity of the election shall not be affected by this

1 requirement. To the extent of any inconsistency between this act and the town charter, this act
2 shall prevail.

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

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF COVENTRY TO FINANCE THE IMPROVEMENT,
RENOVATION, FURNISHING AND EQUIPPING OF PARKS AND RECREATION
DEPARTMENT BUILDINGS AND FACILITIES AND ALL COSTS INCIDENTAL OR
RELATED THERETO BY THE ISSUANCE OF NOT MORE THAN \$80,000 BONDS, NOTES
AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

1 This act would authorize the town of Coventry to issue not more than \$80,000 bonds,
2 notes and other evidences of indebtedness to finance the improvement, renovation, furnishing,
3 and equipping of parks and recreation department buildings and facilities in the town and all costs
4 incidental or related thereto.

5 Sections 13 and 14 of this act would take effect upon passage. The remainder of the act
6 would take effect upon approval by the electors of the town of the question provided for in
7 section 13.

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