2021 -- H 6408

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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO SCHOOL CONSTRUCTION AND FINANCING IN THE CITY OF CENTRAL FALLS AND AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED $5,760,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY

Introduced By: Representatives Giraldo, and McLaughlin

Date Introduced: June 09, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

WHEREAS, Pursuant to Article XII of the Rhode Island Constitution, it is the duty of the State of Rhode Island and the Rhode Island General Assembly to promote public schools as the diffusion of knowledge is essential to the preservation of the rights and liberties of the Rhode Island people; and

WHEREAS, It is the duty of the State of Rhode Island and the Rhode Island General Assembly to adopt all means which they deem necessary and proper to secure to the people, the advantages and opportunities of education and guarantee adequate public school housing for all public school children in the state; and

WHEREAS, School facilities provide more than a place for instruction. The physical learning environment contributes to the successful performance of educational programs designed to meet students' educational needs and good educational outcomes depend on safe healthy school buildings. Every student needs a safe, healthy, and sanitary learning environment that promotes student learning and development; and

WHEREAS, School buildings in the city of Central Falls Rhode Island are in need of major repairs and upgrades, presently interfere with the effective operation of schools and negatively affect the health safety and welfare of the children of Central Falls; and

WHEREAS, Due to various financial hardships of the city of Central Falls, the city is not able to finance the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the city without certain legislative changes and support from the State of Rhode Island;

It is enacted and resolved by the General Assembly as follows:

SECTION 1. Sections 1 through 3 of this act shall serve as the joint resolution required pursuant to Rhode Island General Laws §35-18-1, et seq (the "Rhode Island Public Corporation Debt Management Act").

SECTION 2. City of Central Falls School Project.

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

WHEREAS, The City of Central Falls is proposing a project consisting of the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the city; and

WHEREAS, The Project will be financed through the Rhode Island Health and Educational Building Corporation (the "Corporation") under its school financing revenue bond program, with an expected term of not to exceed thirty (30) years and it is anticipated that the State will be a signatory to the Financing Agreement with the Rhode Island Health and Educational Building Corporation; and

WHEREAS, It is anticipated that the State's obligations under the Financing Agreement will be subject to appropriation therefor by the General Assembly in each budget year; and

WHEREAS, The Rhode Island Public Corporation Debt Management Act requires the General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island of certain obligations, including financing guarantees or other agreements; and

WHEREAS, The total project costs and costs of financing covered by the Financing Agreement are not expected to exceed $144,000,000. Debt service payments will be supported by revenues received by the Corporation under the Financing Agreement which include annual appropriations for debt service made by the State, state school construction aid payments and state school operations aid payments if any, pursuant to chapter 7 of title 16 of the Rhode Island general laws and payments from the City of Central Falls under the Financing Agreement. Total debt service on the bonds in not expected to exceed $9,400,000 annually and $281,000,000 in the aggregate based on an average interest rate of five percent (5.00%); now, therefor be it

RESOLVED, That this General Assembly hereby approves the financing in a principal amount up to $144,000,000 for the Central Falls School Project; and be it further

RESOLVED, That the State, acting through the general treasurer may execute the Financing Agreement as contemplated herein and any other agreements necessary to effectuate the purposes of this act; and be it further

RESOLVED, That the Bonds will be special obligations of the Corporation payable from funds received by the Corporation under the Financing Agreement and other revenues received by the Corporation, in any combination or priority as may be designated in the proceedings of the Corporation authorizing the issuance of such debt. The total debt service on the Bonds is estimated to average approximately nine million four hundred thousand dollars ($9,400,000) per year or approximately two hundred eighty-one million dollars ($281,000,000) in the aggregate, at an average interest rate of approximately five percent (5%) and an approximately thirty (30) year maturity; and be it further

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

RESOLVED, That the State’s authority to incur the obligations set forth herein will expire within five (5) years of the date of passage of this Act if such financing transaction is not executed prior to that date.

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

SECTION 4. Sections 4 through 19 of this act shall be entitled "AN ACT AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED $5,760,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY".

SECTION 5. The city of Central Falls is hereby empowered, in addition to authority previously granted, to issue bonds in an amount not exceeding five million seven hundred sixty dollars ($5,760,000) from time to time under its corporate name and seal. The bonds of each issue may be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term bonds or a combination thereof and shall be payable either by maturity of principal in the case of serial bonds or by mandatory serial redemption in the case of term bonds, in installments of principal, the first installment to be not later than five (5) years and the last installment not later than thirty (30) years after the date the bonds are issued. All such bonds may bear interest at a fixed rate or rates or at a variable or auction rate or rates. The bonds may be sold by a negotiated sale or by competitive bid and issued pursuant to a resolution or an indenture of trust. Annual installments of principal may be provided for by maturity of principal in the case of serial bonds or by mandatory serial redemption in the case of term bonds. The amount of principal appreciation each year on any bonds, if any after the date of original issuance, shall not be considered to be principal indebtedness for the purposes of any constitutional or statutory debt limit or any other limitation. The appreciation of principal after the date of original issue shall be considered interest. Only the original principal amount shall be counted in determining the principal amount so issued and any interest component shall be disregarded.

SECTION 6. This act shall constitute an enabling act of the general assembly that is required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under this act for school projects shall not be eligible for state housing aid reimbursement pursuant to § 16-7-44 unless the school projects described herein have been approved by the Rhode Island Department of Education pursuant to § 16-7-36(2).

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

(1) For the construction, renovation, improvement, alteration, repair furnishing and equipping of schools and school facilities in the city and all costs related thereto either directly or as a reimbursement to the state to the extent the state pays for and or finances such costs hereunder;

(2) For payment of the principal or interest on temporary notes issued under section 8;

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

(4) In repayment of advances under section 9; or

(5) In payment of related costs of issuance of any bonds or notes. No purchaser of any bonds or notes under this act shall be in any way responsible for the proper application of the proceeds derived from the sales thereof. The project shall be carried out and all contracts made therefor on behalf of the city by the mayor, subject to approval of the city council. The proceeds of bonds or notes issued under this act, any applicable federal or state assistance and other monies referred to in section 10 and 14, shall be deemed appropriated for the purposes of this act without further action than that required by this act. The bond issue authorized by this act may be consolidated for the purposes of issuance and sale with any other bond issue of the city heretofore or hereafter authorized; provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized by this act shall be expended for the purposes set forth above.

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

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

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

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

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

SECTION 11. Any accrued interest received upon the sale of bonds or notes hereunder shall be applied to the payment of the first interest due thereon. Any premiums arising from the sale of bonds or notes hereunder and any earnings or net profit realized from the deposit or investment of funds hereunder shall, in the discretion of the director of finance, be applied to the cost of preparing, issuing, and marketing bonds or notes hereunder to the extent not otherwise provided, to the payment of the cost of the project, to the costs of additional improvements coming within the description of the project, to the payment of the principal of or interest on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of preparing, issuing and marketing bonds or notes hereunder may also, in the discretion of the director of finance, be met from bond or note proceeds exclusive of accrued interest or from other monies available therefor. Any balance of bond or note proceeds remaining after payment of the cost of the projects and the cost of preparing, issuing and marketing bonds or notes hereunder shall be applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or investment of funds hereunder may, upon receipt, be added to and dealt with as part of the revenues of the city from property taxes. In exercising any discretion under this section, the director of finance shall be governed by any instructions adopted by resolution of the city council.

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

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

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

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

SECTION 16. All or any portion of the authority to issue bonds and notes under this act may be extinguished by resolution of the city council, without further action by the general assembly seven (7) years after the effective date of this act.

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

SECTION 18. The question of the approval of sections 4 through 17 of this act shall be submitted to the electors of the city at the election to be held on November 2, 2021, or at a special election (other than a primary), on a date as shall be designated by the city council. The question shall be submitted in substantially the following form: “Shall an Act, passed at the 2021 session of the General Assembly, entitled, ‘AN ACT AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED $5,760,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY’ be approved?" and the warning for the election shall contain the question to be submitted. From the time the election is warned and until 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 public inspection, but the validity of the election shall not be affected by this requirement.

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

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EXPLANATION

OF

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RELATING TO SCHOOL CONSTRUCTION AND FINANCING IN THE CITY OF CENTRAL FALLS AND AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT TO EXCEED $5,760,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES IN THE CITY

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This act would serve as the joint resolution required pursuant to Rhode Island General Laws §35-18-1, et seq (the “Rhode Island Public Corporation Debt Management Act”) for the City of Central Falls School Project hereafter defined.

This act would also authorizes the City of Central Falls to issue bonds notes or other evidences of indebtedness in an amount not to exceed five million seven hundred sixty thousand dollars ($5,760,000) to finance the construction, renovation, improvement, alteration, repair, furnishing and equipping of schools and school facilities in the city. (the “City of Central Falls School Project”).

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

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

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