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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO TOWNS AND CITIES -- SENIOR CENTER BUILDING CAPITAL FUND

Introduced By: Representatives Marszalkowski, Hawkins, and Amore

Date Introduced: February 26, 2020

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-38.1 of the General Laws entitled "Health And Educational  
2 Building Corporation" is hereby amended by adding thereto the following section:

3 **45-38.1-28. Administration of senior center building capital fund.**

4 Notwithstanding any provisions of this chapter or any general law or special law to the  
5 contrary, it is a corporate purpose of the corporation to administer the financial provisions of the  
6 senior center building capital fund as set forth in chapter 38.3 of this title.

7 SECTION 2. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby  
8 amended by adding thereto the following chapter:

9 CHAPTER 38.3

10 SENIOR CENTER BUILDING CAPITAL FUND

11 **45-38.3-1. Definitions.**

12 As used in this chapter, the following terms, unless the context requires a different  
13 interpretation, shall have the following meanings:

14 (1) "Application" means a project proposed by a city or town to construct, or that would  
15 make capital improvements to, senior center facilities located within said city or town consistent  
16 with project evaluation criteria as set forth in this chapter;

17 (2) "Approved project" means any project approved for financial assistance by the  
18 department of elderly affairs;

19 (3) "Corporation" means the Rhode Island health and educational building corporation as

1 set forth in chapter 38.1 of title 45;

2 (4) "Department" means the department of elderly affairs;

3 (5) "Eligible project" means an application, or a portion of an application, that meets the  
4 project evaluation criteria and approved by the department of elderly affairs;

5 (6) "Financial assistance" means any form of financial assistance provided by the  
6 corporation to a city, or town in accordance with this chapter for all or any part of the cost of an  
7 approved project, including, without limitation, loans, guarantees, insurance, subsidies for the  
8 payment of debt service on loans, lines of credit, and similar forms of financial assistance;

9 (7) "Fund" means the senior citizen building capital fund;

10 (8) "Market rate" means the rate the city or town would receive on the open market at the  
11 time of the original loan agreement as determined by the corporation in accordance with its rules  
12 and regulations;

13 (9) "Project evaluation criteria" means the criteria used by the department of elderly affairs  
14 to evaluate applications and rank eligible projects;

15 (11) "Project priority list" means the list of eligible projects approved by the department of  
16 elderly affairs ranked in the order in which financial assistance shall be awarded by the corporation;  
17 and

18 (12) "Subsidy assistance" means the credit enhancements and other measures to reduce the  
19 borrowing costs for a city or town.

20 **45-38.3-2. Senior center building capital fund.**

21 (a) There is hereby established a senior citizen building capital fund. The corporation shall  
22 establish and set up on its books the fund, to be held in trust and to be administered by the  
23 corporation as provided in this chapter. This fund shall be in addition to the annual appropriation  
24 for committed expenses related to elderly affairs. The corporation shall deposit the following  
25 monies into the fund:

26 (1) Loan repayments, bond refinance interest savings, and other payments received by the  
27 corporation pursuant to loan or financing agreements with cities or towns, executed in accordance  
28 with this chapter;

29 (2) Investment earnings on amounts credited to the fund;

30 (3) Proceeds of bonds of the corporation issued in connection with this chapter to the extent  
31 required by any trust agreement for such bonds;

32 (4) Administrative fees levied by the corporation, with respect to financial assistance  
33 rendered under this chapter less operating expenses;

34 (5) Other amounts required by provisions of this chapter or agreement, or any other law or

1 any trust agreement pertaining to bonds to be credited to the fund; and

2 (6) Any other funds permitted by law which the corporation in its discretion shall determine  
3 to credit thereto.

4 (b) The corporation shall establish and maintain fiscal controls and accounting procedures  
5 conforming to generally accepted government accounting standards sufficient to ensure proper  
6 accounting for receipts in and disbursements from the senior center building capital fund.

7 (c) The department of elderly affairs shall establish and maintain internal controls to ensure  
8 that local agencies are providing adequate asset protection plans, all local agencies have equal  
9 access and opportunity to address facility improvements on a priority basis, and to ensure that  
10 funding from the senior citizen building authority fund has the greatest impact on facility gaps in  
11 state priority areas. The senior citizen building authority fund will also manage necessity of center  
12 construction approvals in accordance with the funding levels set forth by the general assembly.

13 **45-38.3-3. Administration.**

14 (a) The corporation shall have all the powers necessary or incidental to carry out and  
15 effectuate the purposes and provisions of this chapter including:

16 (1) To receive and disburse such funds from the state as may be available for the purpose  
17 of the fund subject to the provisions of this chapter;

18 (2) To make and enter into binding commitments to provide financial assistance to cities  
19 or towns from amounts on deposit in the fund;

20 (3) To enter into binding commitments to provide subsidy assistance for loans and city and  
21 town obligations from amounts on deposit in the fund;

22 (4) To levy administrative fees on cities, towns, and senior citizen agencies as necessary to  
23 effectuate the provisions of this chapter; provided that the fee does not exceed one tenth of one  
24 percent (0.001%) of the principal amount;

25 (5) To engage the services of third-party vendors to provide professional services;

26 (6) To establish one or more accounts within the fund; and

27 (7) Such other authority as granted to the corporation under chapter 38.1 of this title.

28 (b) Subject to the provisions of this chapter, and to any agreements with the holders of any  
29 bonds of the corporation or any trustee therefor, amounts held by the corporation for the account  
30 of the fund shall be applied by the corporation, either by direct expenditure, disbursement, or  
31 transfer to one or more other funds and accounts held by the corporation or a trustee under a trust  
32 agreement or trust indenture entered into by the corporation with respect to bonds or notes issued  
33 by the corporation under this chapter or by a holder of bonds or notes issued by the corporation  
34 under this chapter, either alone or with other funds of the corporation, for the following purposes:

1 (1) To provide financial assistance to cities, and towns and their agencies to finance costs  
2 of approved projects, and to refinance the costs of the projects, subject to such terms and conditions,  
3 if any, as are determined by the department or the corporation;

4 (2) To fund reserves for bonds of the corporation and to purchase insurance and pay the  
5 premiums therefor, and pay fees and expenses of letters or lines of credit and costs of  
6 reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to  
7 otherwise provide security for, and a source of payment for obligations of the corporation, by  
8 pledge, lien, assignment, or otherwise herein;

9 (3) To pay or provide for subsidy assistance as determined by the department;

10 (4) To provide a reserve for, or to otherwise secure, amounts payable by cities or towns on  
11 loans and city and town obligations outstanding in the event of default thereof; amounts in any  
12 account in the fund may be applied to defaults on loans outstanding to the city or town for which  
13 the account was established and, on a parity basis with all other accounts, to defaults on any loans  
14 or city or town obligations outstanding; and

15 (5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or  
16 otherwise as provided in this chapter, any bonds or notes of the corporation issued under this  
17 chapter.

18 (c) The repayment obligations of the city or town for loans shall be in accordance with loan  
19 agreements established between the corporation and the city or town at a rate not to exceed three  
20 percent (3%) for a term not to exceed thirty (30) years.

21 (d) In addition to other remedies of the corporation under any loan or financing agreement  
22 or otherwise provided by law, the corporation may also recover from a city or town in an action in  
23 superior court, any amount due the corporation together with any other actual damages the  
24 corporation shall have sustained from the failure or refusal of the city or town to make the payments  
25 or abide by the terms of the loan or financing agreement.

26 **45-38.3-4. Payment of state funds.**

27 (a) Subject to the provisions of subsection (b) of this section, upon the written request of  
28 the corporation, the general treasurer shall pay to the corporation, from time to time, from the  
29 proceeds of any bonds or notes issued by the state for the purposes of this chapter or funds otherwise  
30 lawfully payable to the corporation for the purposes of this chapter, such amounts as shall have  
31 been appropriated or lawfully designated for the fund. All amounts so paid shall be credited to the  
32 fund in addition to any other amounts credited or expected to be credited to the fund.

33 (b) The corporation and the state may enter into, execute, and deliver one or more  
34 agreements setting forth or otherwise determining the terms, conditions, and procedures for, and

1 the amount, time, and manner of payment of, all amounts available from the state to the corporation  
2 under this section.

3 (c) The corporation, per order of the department, is authorized to grant a municipality its  
4 state share of an approved project cost not to exceed thirty percent (30%). Construction pay-as-  
5 you-go grants received from the fund shall not be considered a form of indebtedness.

6 (d)(1) Notwithstanding any city or town charter provisions to the contrary, prior to July 1,  
7 2020, no voter approval shall be required for loans in any amount made to a city's or town's share  
8 of total project costs.

9 (2) Notwithstanding any city or town charter provisions to the contrary, on or after July 1,  
10 2020, up to five hundred thousand dollars (\$500,000) may be loaned to a city or town for the share  
11 of total project costs without the requirement of voter approval.

12 (e)(1) Funds to support the state share of aid in a given year on a pay-as-you-go basis shall  
13 be offered proportionately to senior citizen agencies based on the total state share of aid awarded  
14 to projects in that year.

15 (2) Any excess funds may be transferred to the senior citizen building capital fund in an  
16 amount not to exceed five percent (5%) of any amount of bonds issued in a given year.

17 (f) Notwithstanding any provision to the contrary, the term of any bond, capital lease, or  
18 other financing instrument shall not exceed the useful life of the project being financed.

19 (g) The auditor general shall give guidance to each city and town on the uniform financial  
20 reporting of construction debt authorized and issued, and on funding received from the state within  
21 ninety (90) days of the effective date of this chapter.

22 **45-38.3-5. Eligibility.**

23 (a) Cities and towns may apply for and obtain approval for a project pursuant to regulations  
24 established by the department. Such approval will remain valid until June 30 of the third fiscal year  
25 following the fiscal year in which the approval of the department is granted. Only those projects  
26 undertaken for senior citizen construction and located on city or town property may qualify for  
27 reimbursement. Facilities with combined municipal uses or facilities that are operated jointly with  
28 any other profit or nonprofit agency do not qualify for reimbursement. Projects completed by June  
29 30 of a fiscal year are eligible for reimbursement in the following fiscal year. A project for a new  
30 senior citizen center shall be deemed to be completed when the work has been officially accepted  
31 by the department or when a certificate of occupancy is issued or, whichever is later.

32 (b) Notwithstanding the provisions of this section, the department shall not grant final  
33 approval for any project between June 30, 2021, and May 1, 2022, except for projects that are  
34 necessitated by immediate health and safety reasons. In the event that a project is requested during

1 the moratorium because of immediate health and safety reasons, those proposals shall be reported  
2 to the chairs of the house and senate finance committees.

3 (c) Beginning July 1, 2022, the department shall approve new applications on an annual  
4 basis. The department shall develop an annual application timeline for cities or town seeking new  
5 construction approvals.

6 (d) Beginning July 1, 2022, no state funding shall be provided for projects in excess of ten  
7 million dollars (\$10,000,000) unless the prime contractor for the project has received  
8 prequalification from the department.

9 (e) Beginning July 1, 2022, the necessity of center construction process shall include a  
10 single statewide process, developed with the consultation of the department of environmental  
11 management that will ensure community involvement throughout the investigation and remediation  
12 of contaminated building sites for possible reuse as the location of a senior citizen center.

13 (f) Environmental site remediation, as defined by the department, shall be a reimbursable  
14 expense up to one million dollars (\$1,000,000) per project.

15 (g) If, within thirty (30) years of construction, a newly constructed senior citizen center is  
16 sold to a private entity, the state shall receive a portion of the sale proceeds equal to that project's  
17 reimbursement rate at the time of project completion.

18 (h) All projects must comply with § 37-13-6, ensuring that prevailing wage laws are being  
19 followed, and § 37-14,1-6, ensuring that minority business enterprises reach a minimum of ten  
20 percent (10%) of the dollar value of the bid.

21 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TOWNS AND CITIES -- SENIOR CENTER BUILDING CAPITAL FUND

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1           This act would establish the senior center building capital fund within the Rhode Island  
2 Health and Educational Building Corporation to provide cities and towns with financial assistance  
3 in the construction of senior centers up to thirty percent (30%) of the cost of the project.

4           This act would take effect upon passage.

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