

2011 -- S 1058

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

AUTHORIZING THE TOWN OF COVENTRY TO FINANCE THE ACQUISITION, CONSTRUCTION, RENOVATION, DEMOLITION, IMPROVEMENT, ALTERATION, REPAIR, ADDITIONS TO, AND FURNISHING AND EQUIPPING OF, EXISTING SCHOOL FACILITIES IN THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$7,500,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

Introduced By: Senators Shibley, and Kettle

Date Introduced: June 16, 2011

Referred To: Senate Housing & Municipal Government

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, notes and other evidences of indebtedness (hereinafter
3 “bonds”) up to an amount not exceeding seven million five hundred thousand dollars
4 (\$7,500,000) from time to time under its corporate name and seal or a facsimile of such. The
5 bonds of each issue may be issued in the form of serial bonds or term bonds or a combination
6 thereof and shall be payable either by maturity of principal in the case of serial bonds or by
7 mandatory sinking fund installments in the case of term bonds, in annual installments of
8 principal, the first installment to be not later than five (5) years and the last installment not later
9 than thirty (30) years after the date of the bonds. All such bonds of a particular issue may be
10 issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term bonds or
11 a combination thereof. The amount of principal appreciation each year on any bonds, after the
12 date of original issuance, shall not be considered to be principal indebtedness for the purposes of
13 any constitutional or statutory debt limit or any other limitation. The appreciation of principal
14 after the date of original issue shall be considered interest. Only the original principal amount
15 shall be counted in determining the principal amount so issued and any interest component shall
16 be disregarded.

17 SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the

1 town director of finance and the president of the town council and shall be issued and sold in such
2 amounts as the town council may authorize by resolution. The manner of sale, denominations,
3 maturities, interest rates and other terms, conditions and details of any bonds or notes issued
4 under this act may be fixed by the proceedings of the town council authorizing the issue or by
5 separate resolution of the town council or, to the extent provisions for these matters are not so
6 made, they may be fixed by the officers authorized to sign the bonds. Notwithstanding anything
7 contained in this act to the contrary, the town may enter into financing agreements with the
8 Rhode Island Health and Educational Building Corporation pursuant to title 16 chapter 7 and title
9 45 chapter 38.1 of the general laws and, with respect to notes or bonds issued in connection with
10 such financing agreements, if any, the town may elect to have the provisions of title 45, chapter
11 38.1 of the general laws apply to the issuance of the bonds or notes issued hereunder to the extent
12 the provisions of title 45, chapter 38.1 of the general laws are inconsistent herewith. Such election
13 may be fixed by the proceedings of the town council authorizing such issuance of by separate
14 resolution of the town council, or, to the extent provisions for these matters are not so made, they
15 may be fixed by the officers authorized to sign the bonds or notes. The proceeds derived from the
16 sale of the bonds shall be delivered to the town director of finance, and such proceeds exclusive
17 of premiums and accrued interest shall be expended: (a) for the acquisition, construction,
18 renovation, demolition, improvement, alteration, repair, additions to, and furnishing and
19 equipping of, existing school facilities in the town; (b) in payment of the principal of or interest
20 on temporary notes issued under section 3; (c) in repayment of advances under section 4; (d) in
21 payment of related costs of issuance of any bonds or notes; and/or (e) in payment of capitalized
22 interest during construction of the project (the "project"). No purchaser of any bonds or notes
23 under this act shall be in any way responsible for the proper application of the proceeds derived
24 from the sale thereof. The project shall be carried out and all contracts made therefor on behalf of
25 the town by the town council, or the town council may delegate such authority to the town school
26 committee. The proceeds of bonds or notes issued under this act, any applicable federal or state
27 assistance and the other monies referred to in sections 6 and 9 shall be deemed appropriated for
28 the purposes of this act without further action than that required by this act. The bonds authorized
29 by this act may be consolidated for the purpose of issuance and sale with any other bonds of the
30 town heretofore or hereafter authorized, provided that, notwithstanding any such consolidation,
31 the proceeds from the sale of the bonds authorized by this act shall be expended for the purposes
32 set forth above.

33 SECTION 3. The town council may by resolution authorize the issuance from time to
34 time of interest bearing or discounted notes in anticipation of the issuance of bonds or in

1 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
2 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
3 issued under this act and the amount of original notes issued in anticipation of federal or state aid
4 may not exceed the amount of available federal or state aid as estimated by the director of
5 finance. Temporary notes issued hereunder shall be signed by the manual or facsimile signatures
6 of the town director of finance and the president of the town council and shall be payable within
7 five (5) years from their respective dates, but the principal of and interest on notes issued for a
8 shorter period may be renewed or paid from time to time by the issuance of other notes
9 hereunder, provided the period from the date of an original note to the maturity of any note issued
10 to renew or pay the same debt or interest thereon shall not exceed five (5) years. Any temporary
11 notes in anticipation of bonds issued under this section may be refunded prior to the maturity of
12 the notes by the issuance of additional temporary notes, provided that no such refunding shall
13 result in any amount of such temporary notes outstanding at any one time in excess of two
14 hundred percent (200%) of the amount of bonds which may be issued under this act, and provided
15 further that if the issuance of any such refunding notes results in any amount of such temporary
16 notes outstanding at any one time in excess of the amount of bonds which may be issued under
17 this act, the proceeds of such refunding notes shall be deposited in a separate fund established
18 with the bank which is paying agent for the notes being refunded. Pending their use to pay the
19 notes being refunded, moneys in the fund shall be invested for the benefit of the town by the
20 paying agent at the direction of the town director of finance in any investment permitted under
21 section 5. The moneys in the fund and any investments held as part of the fund shall be held in
22 trust and shall be applied by the paying agent solely to the payment or prepayment of the
23 principal of and interest on the notes being refunded. Upon payment of all principal of and
24 interest on the notes, any excess moneys in the fund shall be distributed to the town. The town
25 may pay the principal of and interest on notes in full from other than the issuance of refunding
26 notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the town's
27 authority to issue bonds or notes in anticipation of bonds under this act shall continue provided
28 that (1) the town council passes a resolution evidencing the town's intent to pay off the notes
29 without extinguishing the authority to issue bonds or notes and (2) that the period from the date of
30 an original note to the maturity date of any other note shall not exceed five (5) years.

31 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
32 of any authorization or issue of notes hereunder, the town director of finance, with the approval of
33 the town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in
34 the treasury of the town to the purposes specified in section 2, such advances to be repaid without

1 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of
2 applicable federal or state assistance or from other available funds.

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

10 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
11 shall be applied to the payment of the first interest due thereon. Any premium arising from the
12 sale of bonds or notes hereunder shall, in the discretion of the town director of finance, be applied
13 to the cost of preparing, issuing and marketing bonds or notes hereunder to the extent not
14 otherwise provided, to the payment of the project costs, to the payment of the principal of or
15 interest on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of
16 preparing, issuing and marketing bonds or notes hereunder may also, in the discretion of the town
17 director of finance, be met from bond or note proceeds exclusive of accrued interest or from other
18 moneys available therefor. Any balance of bond or note proceeds remaining after payment of the
19 cost of the projects and the cost of preparing, issuing and marketing bonds or notes hereunder,
20 shall be applied to the payment of the principal of or interest on bonds or notes issued hereunder.
21 To the extent permitted by applicable federal laws, any earnings or net profit realized from the
22 deposit or investment of funds hereunder may, upon receipt, be added to and dealt with as part of
23 the revenues of the town from property taxes. In exercising any discretion under this section, the
24 town director of finance shall be governed by any instructions adopted by resolution of the town
25 council.

26 SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby
27 shall be obligatory on the town in the same manner and to the same extent as other debts lawfully
28 contracted by it and shall be excepted from the operation of section 45-12-2 of the general laws.
29 No such obligation shall at any time be included in the debt of the town for the purpose of
30 ascertaining its borrowing capacity. The town shall annually appropriate a sum sufficient to pay
31 the principal and interest coming due within the year on bonds and notes issued hereunder to the
32 extent that moneys therefor are not otherwise provided. If such sum is not appropriated, it shall
33 nevertheless be added to the annual tax levy. In order to provide such sum in each year and
34 notwithstanding any provision of law to the contrary, all taxable property in the town shall be

1 subject to [ad valorem](#) taxation by the town without limitation as to rate or amount.

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

6 SECTION 9. The town, acting by resolution of its town council, is authorized to apply
7 for, contract for and expend any federal or state advances or other grants or assistance which may
8 be available for the purposes of this act, and any such expenditures may be in addition to the
9 moneys provided in this act. To the extent of any inconsistency between any law of this state and
10 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
11 interest where applicable, whether contracted for prior to or after the effective date of this act,
12 may be repaid as project costs under section 2.

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

22 SECTION 11. The town director of finance and the president of the town council, on
23 behalf of the town, are hereby authorized to execute such instruments, documents or other papers
24 as either of them deem necessary or desirable to carry out the intent of this act and are also
25 authorized to take all actions and execute all instruments, documents or agreements necessary to
26 comply with federal tax and securities laws, which instruments, documents or agreements may
27 have a term coextensive with the maturity of the bonds authorized hereby, including Rule 15c2-
28 12 of the Securities and Exchange Commission (the "Rule") and to execute and deliver a
29 continuing disclosure agreement or certificate in connection with the bonds or notes in the form
30 as shall be deemed advisable by such officers in order to comply with the Rule.

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

1 SECTION 13. At a general, special or local election (other than a primary) to be held on
2 a date that shall be designated by the town council, there shall be submitted to electors of the
3 town a question in substantially the following form: “Shall an act passed at the 2011 session of
4 the general assembly entitled 'An act authorizing the town of Coventry to finance the acquisition,
5 construction, renovation, demolition, improvement, alteration, repair, additions to, and furnishing
6 and equipping of, existing school facilities in the town by the issuance of not more than
7 \$7,500,000 bonds, notes and/or other evidences of indebtedness therefor' be approved?” and the
8 warning for the election shall contain the question to be submitted. From the time the election is
9 warned and until it is held, it shall be the duty of the town clerk to keep a copy of this act
10 available at the clerk’s office for public inspection, but the validity of the election shall not be
11 affected by this requirement. To the extent of any inconsistency between this act and the town
12 charter, this act shall prevail.

13 SECTION 14. This act shall constitute an enabling act of the general assembly that is
14 required pursuant to section 16-7-44 of chapter 7 of title 16 of the general laws. Any bonds, notes
15 or other evidences of indebtedness issued under this act for school projects shall not be eligible
16 for state aid reimbursement pursuant to section 16-7-44 of chapter 7 of title 16 of the general laws
17 unless the school projects described herein have been approved by the Rhode Island Department
18 of Education and the Board of Regents for Elementary and Secondary Education.

19 SECTION 15. Sections 13 and 15 shall take effect upon the passage of this act. The
20 remainder of this act shall take effect upon the approval of this act by a majority of those voting
21 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 ACQUISITION, CONSTRUCTION, RENOVATION, DEMOLITION, IMPROVEMENT, ALTERATION, REPAIR, ADDITIONS TO, AND FURNISHING AND EQUIPPING OF, EXISTING SCHOOL FACILITIES IN THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$7,500,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

1 This act authorizes the town of Coventry to issue not more than \$7,500,000 bonds and
2 notes to finance the acquisition, construction, renovation, demolition, improvement, alteration,
3 repair, additions to, and furnishing and equipping of, existing school facilities in the town. Any
4 bonds or notes issued under this act shall not be eligible for state aid reimbursement pursuant to
5 section 16-7-44 of chapter 7 of title 16 of the general laws unless the projects described herein
6 have been approved by the Rhode Island Department of Education and the Board of Regents for
7 Elementary and Secondary Education.

8 Sections 13 and 15 of this act shall take effect upon passage. The remainder of this act
9 would take effect upon approval by the electors of the town of the question provided for in
10 section 13.

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