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LC003924

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

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

Introduced By: Senators Pearson, Picard, Seveney, and DiPalma

Date Introduced: February 04, 2020

Referred To: Senate 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
14 affairs to evaluate applications and rank eligible projects;

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

18 (12) "Subsidy assistance" means the credit enhancements and other measures to reduce
19 the 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
22 shall 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
31 extent 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

1 or 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
3 determine to credit thereto.

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

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

15 **45-38.3-3. Administration.**

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

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

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

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

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

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

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

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

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

1 bonds or notes issued by the corporation under this chapter or by a holder of bonds or notes
2 issued by the corporation under this chapter, either alone or with other funds of the corporation,
3 for the following purposes:

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

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

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

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

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

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

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

29 **45-38.3-4. Payment of state funds.**

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

1 credited to the fund in addition to any other amounts credited or expected to be credited to the
2 fund.

3 (b) The corporation and the state may enter into, execute, and deliver one or more
4 agreements setting forth or otherwise determining the terms, conditions, and procedures for, and
5 the amount, time, and manner of payment of, all amounts available from the state to the
6 corporation under this section.

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

10 (d)(1) Notwithstanding any city or town charter provisions to the contrary, prior to July 1,
11 2020, no voter approval shall be required for loans in any amount made to a city's or town's share
12 of total project costs.

13 (2) Notwithstanding any city or town charter provisions to the contrary, on or after July 1,
14 2020, up to five hundred thousand dollars (\$500,000) may be loaned to a city or town for the
15 share of total project costs without the requirement of voter approval.

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

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

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

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

26 **45-38.3-5. Eligibility.**

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

1 been officially accepted by the department or when a certificate of occupancy is issued or,
2 whichever is later.

3 (b) Notwithstanding the provisions of this section, the department shall not grant final
4 approval for any project between June 30, 2021, and May 1, 2022, except for projects that are
5 necessitated by immediate health and safety reasons. In the event that a project is requested
6 during the moratorium because of immediate health and safety reasons, those proposals shall be
7 reported to the chairs of the house and senate finance committees.

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

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

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

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

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

24 (h) All projects must comply with § 37-13-6, ensuring that prevailing wage laws are
25 being followed, and § 37-14.1-6, ensuring that minority business enterprises reach a minimum of
26 ten percent (10%) of the dollar value of the bid.

27 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

- 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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