

2014 -- S 3001

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

AUTHORIZING THE TOWN OF SOUTH KINGSTOWN TO FINANCE HEALTH, SAFETY, FIRE CODE AND ROOF REPAIRS, RENOVATIONS, IMPROVEMENTS, LANDSCAPING, EQUIPPING AND FURNISHING OF THE HIGH SCHOOL, MIDDLE SCHOOLS AND ELEMENTARY SCHOOLS IN THE TOWN, AND ALL ATTENDANT EXPENSES INCLUDING, BUT NOT LIMITED TO, ENGINEERING AND ARCHITECTURAL COSTS BY THE ISSUANCE OF NOT MORE THAN \$4,000,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

Introduced By: Senators Sosnowski, Algieri, and Hodgson

Date Introduced: May 08, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

9           All such bonds of a particular issue may be issued in the form of zero coupon bonds,  
10 capital appreciation bonds, serial bonds or term bonds or a combination thereof. The amount of  
11 principal appreciation each year on any bonds, after the date of original issuance, shall not be  
12 considered to be principal indebtedness for the purposes of any constitutional or statutory debt  
13 limit or any other limitation. The appreciation of principal after the date of original issue shall be  
14 considered interest. Only the original principal amount shall be counted in determining the  
15 principal amount so issued and any interest component shall be disregarded.

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

1 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 resolutions 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 or notes. The proceeds  
7 derived from the sale of the bonds shall be delivered to the town director of finance, and such  
8 proceeds exclusive of premiums and accrued interest shall be expended: (1) to finance health,  
9 safety, fire code and roof repairs, renovations, improvements, landscaping, equipping and  
10 furnishing of the high school, middle schools and elementary schools in the town, and all  
11 attendant expenses including, but not limited to, engineering and architectural costs; (2) in  
12 payment of the principal of or interest on temporary notes issued under section 3; (3) in  
13 repayment of advances under section 4; (4) in payment of related costs of issuance of any bonds  
14 or notes; and/or (5) in payment of capitalized interest during construction of the project (the  
15 "project"). No purchaser of any bonds or notes under this act shall be in any way responsible for  
16 the proper application of the proceeds derived from the sale thereof. The town shall form a school  
17 building committee comprised of three (3) members appointed by the school committee and four  
18 (4) members appointed by the town council. The project shall be carried out and all contracts  
19 made therefor on behalf of the town by the town council with due regard to any recommendation  
20 of the school building committee. The town council and the school building committee and their  
21 agents are authorized to enter, without delay and at reasonable times, any public school buildings  
22 and other public school property for the purpose of accomplishing the project and to do all acts  
23 and deeds necessary or convenient in connection with the project. The proceeds of bonds or notes  
24 issued under this act, any applicable federal or state assistance and the other monies referred to in  
25 sections 6 and 9 shall be deemed appropriated for the purposes of this act without further action  
26 than that required by this act. The bonds authorized by this act may be consolidated for the  
27 purpose of issuance and sale with any other bonds of the town heretofore or hereafter authorized,  
28 provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds  
29 authorized by this act shall be expended for the purposes set forth above.

30 SECTION 3. The town council may by resolution authorize the issuance from time to  
31 time of interest bearing or discounted notes in anticipation of the issuance of bonds or in  
32 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of  
33 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be  
34 issued under this act and the amount of original notes issued in anticipation of federal or state aid

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

28         SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu  
29 of any authorization or issue of notes hereunder, the town director of finance, with the approval of  
30 the town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in  
31 the treasury of the town to the purposes specified in section 2, such advances to be repaid without  
32 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of  
33 applicable federal or state assistance or from other available funds.

34         SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable

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

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

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

33 SECTION 8. Any bonds or notes issued under the provisions of this act, and coupons, if  
34 any, if properly executed by officers of the town in office on the date of execution, shall be valid

1 and binding according to their terms notwithstanding that before the delivery thereof and payment  
2 therefor any or all of such officers shall for any reason have ceased to hold office.

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

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

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

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

32 SECTION 13. At the general election to be held on November 4, 2014, there shall be  
33 submitted to electors of the town a question in substantially the following form: "Shall an act  
34 passed at the 2014 session of the general assembly entitled 'AN ACT AUTHORIZING THE

1 TOWN OF SOUTH KINGSTOWN TO FINANCE HEALTH, SAFETY, FIRE CODE AND  
2 ROOF REPAIRS, RENOVATIONS, IMPROVEMENTS, LANDSCAPING, EQUIPPING AND  
3 FURNISHING OF THE HIGH SCHOOL, MIDDLE SCHOOLS AND ELEMENTARY  
4 SCHOOLS IN THE TOWN, AND ALL ATTENDANT EXPENSES INCLUDING, BUT NOT  
5 LIMITED TO, ENGINEERING AND ARCHITECTURAL COSTS BY THE ISSUANCE OF  
6 NOT MORE THAN \$4,000,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF  
7 INDEBTEDNESS THEREFOR' be approved?" and the warning for the election shall contain the  
8 question to be submitted. From the time the election is warned and until it is held, it shall be the  
9 duty of the town clerk to keep a copy of this act available at the clerk's office for public  
10 inspection, but the validity of the election shall not be affected by this requirement. To the extent  
11 of any inconsistency between this act and the town charter, this act shall prevail.

12 SECTION 14. This section and section 13 shall take effect upon the passage of this act.  
13 The remainder of this act shall take effect upon the approval of this act by a majority of those  
14 voting 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 SOUTH KINGSTOWN TO FINANCE HEALTH, SAFETY, FIRE CODE AND ROOF REPAIRS, RENOVATIONS, IMPROVEMENTS, LANDSCAPING, EQUIPPING AND FURNISHING OF THE HIGH SCHOOL, MIDDLE SCHOOLS AND ELEMENTARY SCHOOLS IN THE TOWN, AND ALL ATTENDANT EXPENSES INCLUDING, BUT NOT LIMITED TO, ENGINEERING AND ARCHITECTURAL COSTS BY THE ISSUANCE OF NOT MORE THAN \$4,000,000 BONDS, NOTES AND/OR OTHER EVIDENCES OF INDEBTEDNESS THEREFOR

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1           This act would authorize the town of South Kingstown to issue not more than \$4,000,000  
2 bonds and notes to finance health, safety, fire code and roof repairs, renovations, improvements,  
3 landscaping, equipping and furnishing of the high school, middle schools and elementary schools  
4 in the town.

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

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