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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 NORTH SMITHFIELD TO FINANCE THE DEMOLITION (OR SAFEGUARDING), REPAIR, REHABILITATION AND CONSOLIDATION OF SCHOOL CLASSROOM AND STORAGE BUILDINGS, INCLUDING HALLIWELL MEMORIAL SCHOOL, NORTH SMITHFIELD ELEMENTARY SCHOOL, NORTH SMITHFIELD MIDDLE SCHOOL, NORTH SMITHFIELD HIGH SCHOOL AND THE ANDREWS SCHOOL, IN ACCORDANCE WITH A PLAN ADOPTED BY THE TOWN COUNCIL BY THE ISSUANCE OF NOT MORE THAN \$4,300,000 OF BONDS AND/OR NOTES THEREFOR

Introduced By: Senator E O'Neill

Date Introduced: May 22, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The town of North Smithfield is hereby empowered, in addition to authority  
2 previously granted, to issue general obligation bonds and notes to an amount not exceeding four  
3 million three hundred thousand dollars (\$4,300,000) from time to time under its corporate name  
4 and seal. The bonds of each issue may be issued in the form of serial bonds or term bonds or a  
5 combination thereof and shall be payable either by maturity of principal in the case of serial  
6 bonds or by mandatory serial redemption in the case of term bonds, in annual installments of  
7 principal, in such installments as are fixed by the proceedings of the town council authorizing the  
8 issue or by separate resolution of the town council. All such bonds of a particular issue may be  
9 issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term bonds or  
10 a combination thereof, and may bear interest at a fixed rate or rates or at a variable or auction rate  
11 or rates, as determined by the proceedings of the town council authorizing the issue or by separate  
12 resolution of the town council. The bonds may be sold by a negotiated sale or by competitive bid  
13 and issued pursuant to a resolution or an indenture of trust, as is determined by the proceedings of  
14 the town council authorizing the issue or by separate resolution of the town council, provided that  
15 the final maturity of such bonds shall not exceed thirty (30) years from and after the date the

1 bonds are issued. Annual installments of principal may be provided for by maturity of principal in  
2 the case of serial bonds or by mandatory serial redemption in the case of term bonds. The amount  
3 of principal appreciation each year on any bonds, after the date of original issuance, shall not be  
4 considered to be principal indebtedness for the purposes of any constitutional or statutory debt  
5 limit or any other limitation. The appreciation of principal after the date of original issue shall be  
6 considered interest. Only the original principal amount shall be counted in determining the  
7 principal amount so issued and any interest component shall be disregarded.

8 SECTION 2. The bonds shall be signed by the director of finance and the president of the  
9 town council and shall be issued and sold in such amounts as the town council may authorize.  
10 The manner of sale, denominations, maturities, interest rates and other terms, conditions and  
11 details of any bonds or notes issued under this act may be fixed by the proceedings of the town  
12 council authorizing the issue or by separate resolution of the town council or, to the extent  
13 provisions for these matters are not so made, they may be fixed by the officers authorized to sign  
14 the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the  
15 director of finance, and such proceeds, exclusive of premiums and accrued interest, shall be  
16 expended: (1) For the purpose of financing the demolition (or safeguarding), repair, rehabilitation  
17 and consolidation of school classroom and storage buildings, including Halliwell Memorial  
18 School, North Smithfield Elementary School, North Smithfield Middle School, North Smithfield  
19 High School and The Andrews School in accordance with a plan adopted by the town council; (2)  
20 In payment of the principal of and/or interest on temporary notes issued under section 3; (3) In  
21 repayment of advances made pursuant to section 4; and/or (4) In payment of costs of issuance  
22 associated with the issuance of bonds or notes hereunder. 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 proceeds of bonds or notes issued under this act, any applicable federal  
25 or state assistance and the other monies referred to in sections 6 and 9, shall be deemed  
26 appropriated for the purpose of this act without further action than that required by this act. This  
27 bond issue authorized by this act may be consolidated for the purpose of issuance and sale with  
28 any other bond issue of the town heretofore or hereafter authorized, provided that,  
29 notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized by  
30 this act shall be expended for the purposes set forth above. The director of finance and the  
31 president of the town council, on behalf of the town, are hereby authorized to execute such  
32 instruments, documents or other papers as either of them deem necessary or desirable to carry out  
33 the intent of this act and are also authorized to take all actions and execute all documents or  
34 agreements necessary to comply with federal tax and securities laws, which documents or

1 agreements may have a term coextensive with the maturity of the bonds authorized hereby,  
2 including Rule 15c2-12 of the Securities and Exchange Commission and to execute and deliver a  
3 continuing disclosure agreement or certificate in connection with the bonds or notes.

4 SECTION 3. The town council may by resolution authorize the issue from time to time of  
5 interest bearing or discounted notes in anticipation of the issue of bonds or in anticipation of the  
6 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in  
7 anticipation of bonds may not exceed the amount of bonds which may be issued under this act  
8 and the amount of original notes issued in anticipation of federal or state aid may not exceed the  
9 amount of available federal or state aid as estimated by the director of finance. Temporary notes  
10 issued hereunder shall be signed by the director of finance and the president of the town council  
11 and shall be payable within five (5) years from their respective dates, but the principal of and  
12 interest on notes issued for a shorter period may be renewed or paid from time to time by the  
13 issue of other notes hereunder, provided the period from the date of an original note to the  
14 maturity of any notes issued to renew or pay the same debt or the interest thereon shall not exceed  
15 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be  
16 refunded prior to the maturity of the notes by the issuance of additional temporary notes, provided  
17 that no such refunding shall result in any amount of such temporary notes outstanding at any one  
18 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under  
19 this act, and provided further that if the issuance of any such refunding notes results in any  
20 amount of such temporary notes outstanding at any one time in excess of the amount of bonds  
21 which may be issued under this act, the proceeds of such refunding notes shall be deposited in a  
22 separate fund established with the bank which is paying agent for the notes being refunded.  
23 Pending their use to pay the notes being refunded, monies in the fund shall be invested for the  
24 benefit of the town by the paying agent at the direction of the director of finance in any  
25 investment permitted under section 5. The monies in the fund and any investments held as a part  
26 of the fund shall be held in trust and shall be applied by the paying agent solely to the payment or  
27 prepayment of the principal of and interest on the notes being refunded. Upon payment of all  
28 principal of and interest on the notes, any excess monies in the fund shall be distributed to the  
29 town. The town may pay the principal of and interest on notes in full from other than the issuance  
30 of refunding notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the  
31 town's authority to issue bonds or notes in anticipation of bonds under this act shall continue  
32 provided that: (1) The town council passes a resolution evidencing the town's intent to pay off the  
33 notes; and (2) That the period from the date of an original note to the maturity date of any other  
34 notes shall not exceed five (5) years.

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

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

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

30           SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby  
31 shall be obligatory on the town in the same manner and to the same extent as other debts lawfully  
32 contracted by it and shall be excepted from the operation of § 45-12-2. No such obligation shall  
33 at any time be included in the debt of the town for the purpose of ascertaining its borrowing  
34 capacity. The town shall annually appropriate a sum sufficient to pay the principal and interest

1 coming due within the year on bonds and notes issued hereunder to the extent that monies  
2 therefor are not otherwise provided. If such sum is not appropriated, it shall nevertheless be added  
3 to the annual tax levy. In order to provide such sum in each year and notwithstanding any  
4 provision of law to the contrary, all taxable property in the town shall be subject to ad valorem  
5 taxation by the town without limitation as to rate or amount.

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

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

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

26 SECTION 11. The question of the approval of this act shall be submitted to the electors  
27 of the town at the general election to be held on November 4, 2014 or at a general or special  
28 election (other than a primary election) to be held on a date as shall be designated by the town  
29 council. The question shall be submitted in substantially the following form: "Shall an act, passed  
30 at the 2014 session of the general assembly, entitled 'AN ACT AUTHORIZING THE TOWN OF  
31 NORTH SMITHFIELD TO FINANCE THE DEMOLITION (OR SAFEGUARDING), REPAIR,  
32 REHABILITATION AND CONSOLIDATION OF SCHOOL CLASSROOM AND STORAGE  
33 BUILDINGS, INCLUDING HALLIWELL MEMORIAL SCHOOL, NORTH SMITHFIELD  
34 ELEMENTARY SCHOOL, NORTH SMITHFIELD MIDDLE SCHOOL, NORTH

1 SMITHFIELD HIGH SCHOOL AND THE ANDREWS SCHOOL, IN ACCORDANCE WITH  
2 A PLAN ADOPTED BY THE TOWN COUNCIL BY THE ISSUANCE OF NOT MORE THAN  
3 \$4,300,000 OF BONDS AND/OR NOTES THEREFOR' be approved?" The warning for the  
4 election shall contain the question to be submitted. From the time the election is warned and until  
5 it is held, it shall be the duty of the town clerk to keep a copy of the act available at his or her  
6 office for public inspection, but the validity of the election shall not be affected by this  
7 requirement. To the extent of any inconsistency between this act and the town charter, this act  
8 shall prevail.

9 SECTION 12. Sections 11 and 12 shall take effect upon the passage of this act. The  
10 remainder of this act shall take effect upon the approval of this act by a majority of those voting  
11 on the question at the election prescribed by the foregoing section.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF NORTH SMITHFIELD TO FINANCE THE DEMOLITION (OR SAFEGUARDING), REPAIR, REHABILITATION AND CONSOLIDATION OF SCHOOL CLASSROOM AND STORAGE BUILDINGS, INCLUDING HALLIWELL MEMORIAL SCHOOL, NORTH SMITHFIELD ELEMENTARY SCHOOL, NORTH SMITHFIELD MIDDLE SCHOOL, NORTH SMITHFIELD HIGH SCHOOL AND THE ANDREWS SCHOOL, IN ACCORDANCE WITH A PLAN ADOPTED BY THE TOWN COUNCIL BY THE ISSUANCE OF NOT MORE THAN \$4,300,000 OF BONDS AND/OR NOTES THEREFOR

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1           This act would authorize the town of North Smithfield to issue four million three hundred  
2 thousand dollars (\$4,300,000) of general obligation bonds and notes in order to finance the  
3 demolition (or safeguarding), repair, rehabilitation and consolidation of school classroom and  
4 storage buildings, including Halliwell Memorial School, North Smithfield Elementary School,  
5 North Smithfield Middle School, North Smithfield High School and the Andrews School.

6           Sections 11 and 12 are effective upon passage. The remainder of the act would take effect  
7 upon approval of the act by the electors of the town of North Smithfield.

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