

2023 -- S 0510

LC001930

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

AMENDING CHAPTERS 106 AND 107 OF THE LOCAL ACTS OF 2021 BOTH ENTITLED
“AN ACT RELATING TO SCHOOL CONSTRUCTION AND FINANCING IN THE CITY OF
CENTRAL FALLS AND AUTHORIZING THE CITY OF CENTRAL FALLS TO ISSUE NOT
TO EXCEED \$5,760,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER
EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION,
IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS
AND SCHOOL FACILITIES IN THE CITY”

Introduced By: Senators Acosta, Cano, Quezada, DiPalma, Britto, Pearson, Murray,
Zurier, Sosnowski, and Ciccone

Date Introduced: March 07, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 WHEREAS, In 2021, the General Assembly passed as companion bills Local Acts
2 Chapters 106 and 107 relating to school construction and financing in the city of Central Falls (the
3 “Prior Acts”); and

4 WHEREAS, The Prior Acts authorized the State, acting through the general treasurer to
5 execute a Financing Agreement and any other agreements necessary to effectuate the purposes of
6 the Prior Acts and the Prior Acts served as the joint resolution required pursuant to Rhode Island
7 General Laws §35-18-1, et seq (the “Rhode Island Public Corporation Debt Management Act”);

8 WHEREAS, The Prior Acts were silent on the use of premium generated from the sale of
9 bonds or notes issued by the Rhode Island Heath and Educational Building Corporation payable
10 from annual appropriations by the State; and

11 WHEREAS, It is desirable that premium on the sale of bonds and notes be permitted to be
12 used to pay costs of the Central Falls School Project as defined in the Prior Acts.

13 NOW THEREFORE, It is enacted and resolved by the General Assembly as follows:

14 SECTION 1. Section 2 of Local Acts of 2021 Chapters 106 and 107 are hereby each
15 amended as follows:

16 SECTION 2. City of Central Falls School Project.

1 WHEREAS, The WHEREAS clauses in paragraphs 1 through 5 hereof are hereby
2 incorporated herein by reference.

3 WHEREAS, The City of Central Falls is proposing a project consisting of the construction,
4 renovation, improvement, alteration, repair, furnishing and equipping of schools and school
5 facilities in the city; and

6 WHEREAS, The Project will be financed through the Rhode Island Health and Educational
7 Building Corporation (the "Corporation") under its school financing revenue bond program, with
8 an expected term of not to exceed thirty (30) years and it is anticipated that the State will be a
9 signatory to the Financing Agreement with the Rhode Island Health and Educational Building
10 Corporation; and

11 WHEREAS, It is anticipated that the State's obligations under the Financing Agreement
12 will be subject to appropriation therefor by the General Assembly in each budget year; and

13 WHEREAS, The Rhode Island Public Corporation Debt Management Act requires the
14 General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island
15 of certain obligations, including financing guarantees or other agreements; and

16 WHEREAS, The principal amount of bonds which will finance the project costs and costs
17 of financing covered by the Financing Agreement is not expected to exceed \$144,000,000. Any
18 premium received from the sale of any bonds or notes shall be used toward project costs and shall
19 not reduce the principal amount of bonds or notes. Debt service payments will be supported by
20 revenues received by the Corporation under the Financing Agreement which include annual
21 appropriations for debt service made by the State, state school construction aid payments and state
22 school operations aid payments if any, pursuant to chapter 16-7 of the Rhode Island general laws
23 and payments from the City of Central Falls under the Financing Agreement. Total debt service on
24 the bonds is not expected to exceed \$9,400,000 annually and \$281,000,000 in the aggregate based
25 on an average interest rate of five percent (5.00%);

26 Now therefor be it resolved

27 RESOLVED, That this General Assembly hereby approves the issuance of bonds or notes
28 to finance the Central Falls School Project in a principal amount up to \$144,000,000 plus any
29 original issue premium, such bonds or notes not to be reduced by any premium received on the sale
30 of any bonds or notes which premium shall be used for project costs for the Central Falls School
31 Project; and be it further

32 RESOLVED, That the State, acting through the general treasurer may execute the
33 Financing Agreement as contemplated herein and any other agreements necessary to effectuate the
34 purposes of this act; and be it further

1 RESOLVED, That the bonds will be special obligations of the Corporation payable from
2 funds received by the Corporation under the Financing Agreement and other revenues received by
3 the Corporation, in any combination or priority as may be designated in the proceedings of the
4 Corporation authorizing the issuance of such debt. The total debt service on the bonds is estimated
5 to average approximately nine million four hundred thousand dollars (\$9,400,000) per year or
6 approximately two hundred eighty-one million dollars (\$281,000,000) in the aggregate, at an
7 average interest rate of approximately five percent (5%) and an approximately thirty (30) year
8 maturity; and be it further

9 RESOLVED, That the bonds will not constitute indebtedness of the State or any of its
10 subdivisions or a debt for which the full faith and credit of the State or any of its subdivisions is
11 pledged. This act shall constitute an enabling act of the general assembly that is required pursuant
12 to § 16-7-44.

13 RESOLVED, That the State's authority to incur the obligations set forth herein will expire
14 within five (5) years of the date of passage of this act if such financing transaction is not executed
15 prior to that date.

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

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EXPLANATION

OF

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- 1 This act would clarify that premium received on the sale of bonds or notes shall be used
- 2 for project costs.
- 3 This act would take effect upon passage.

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