

2024 -- S 2246

LC004265

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO ISSUE NOT TO EXCEED \$40,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE PURCHASE AND/OR ACQUISITION OF LAND AND BUILDINGS, CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, LANDSCAPING, FURNISHING AND/OR EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE CITY, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 50% AT THE TIME OF ISSUANCE

Introduced By: Senators Gallo, Miller, F. Lombardi, and LaMountain

Date Introduced: January 26, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Cranston is hereby authorized, in addition to authority previously
2 granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up to an amount
3 not exceeding forty million dollars (\$40,000,000) from time to time under its corporate name and
4 seal or a facsimile of such seal. The bonds of each issue may be issued in the form of serial bonds
5 or term bonds or a combination thereof and shall be payable either by maturity of principal in the
6 case of serial bonds or by mandatory sinking fund installments in the case of term bonds, in annual
7 installments of principal, the first installment to be not later than five (5) years and the last
8 installment not later than thirty (30) years after the date of the bonds. All such bonds of a particular
9 issue may be issued in the form of zero-coupon bonds, capital appreciation bonds, serial bonds or
10 term bonds or a combination thereof. The amount of principal appreciation each year on any bonds,
11 after the date of original issuance, shall not be considered to be principal indebtedness for the
12 purposes of any constitutional, charter or statutory debt limit or any other limitation. The
13 appreciation of principal after the date of original issue shall be considered interest. Only the
14 original principal amount shall be counted in determining the principal amount so issued and any
15 interest component shall be disregarded.

1 SECTION 2. The city may be eligible for school housing aid reimbursement on debt
2 service pursuant to chapter 7 of title 16, or for a grant, loan or other financial assistance from
3 proceeds of bonds issued by the State of Rhode Island (the "state"), from the Rhode Island
4 department of education ("RIDE") or from the Rhode Island school building authority. Bonds, notes
5 or other evidences of indebtedness shall not be issued under this act unless the city has received a
6 letter from RIDE confirming that the then-current school housing aid reimbursement rate under
7 chapter 7 of title 16, as amended from time to time, or financial assistance from the school building
8 authority capital fund, or pursuant to any other law hereafter enacted providing for funds to
9 municipalities for school housing purposes, is not less than fifty percent (50%) of debt service for
10 those expenditures which are eligible for state aid. A certificate of the officers authorized to sign
11 such bonds or notes authorized hereunder that such letter has been received shall conclusively
12 demonstrate the satisfaction of this condition to the issuance of indebtedness hereunder.

13 SECTION 3. The bonds shall be signed by the director of finance and by the manual or
14 facsimile signature of the mayor and be issued and sold in such amounts as the city council may
15 determine by resolution or order. The manner of sale, denominations, maturities, interest rates and
16 other terms, conditions and details of any bonds or notes issued under this act may be fixed by the
17 proceedings of the city council authorizing the issue or by separate resolution or order of the city
18 council or, to the extent provisions for these matters are not so made, they may be fixed by the
19 officers authorized to sign the bonds or notes. Notwithstanding anything contained in this act to the
20 contrary, the city may enter into financing agreements with the Rhode Island health and educational
21 building corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45 and, with respect
22 to bonds or notes issued in connection with such financing agreements, if any, the city may elect to
23 have the provisions of chapter 38.1 of title 45 apply to the issuance of the bonds or notes issued
24 hereunder to the extent the provisions of chapter 38.1 of title 45 are inconsistent herewith. In
25 addition, the city may enter into financing agreements with the Rhode Island infrastructure bank
26 pursuant to the provisions of chapter 12.2 of title 46 and, with respect to bonds or notes issued in
27 connection with such financing agreements, if any, the city may elect to have the provisions of
28 chapter 12.2 of title 46 apply to the issuance of the bonds or notes issued hereunder to the extent
29 the provisions of chapter 12.2 of title 46 are inconsistent herewith. Such election may be fixed by
30 the proceedings of the city council authorizing such issuance or by separate resolution or order of
31 the city council, or, to the extent provisions for these matters are not so made, they may be fixed
32 by the officers authorized to sign the bonds or notes. The proceeds derived from the sale of the
33 bonds shall be delivered to the director of finance, and such proceeds, exclusive of premiums and
34 accrued interest, shall be expended: (1) For the purchase and/or acquisition of land and buildings,

1 construction, renovation, improvement, alteration, repair, landscaping, furnishing and/or equipping
2 of schools and school facilities throughout the city of Cranston and all costs related thereto (the
3 "projects"); (2) In payment of the principal of or interest on temporary notes issued under section
4 3; (3) In repayment of advances under section 5; (4) In payment of related costs of issuance of any
5 bonds or notes; and/or (5) In payment of capitalized interest during construction of the projects. No
6 purchaser of any bonds or notes under this act shall be in any way responsible for the proper
7 application of the proceeds derived from the sale thereof. The proceeds of bonds or notes issued
8 under this act, any applicable federal or state assistance and the other monies referred to in sections
9 6 and 9 shall be deemed appropriated for the purposes of this act without further action than that
10 required by this act. The bonds authorized by this act may be consolidated for the purpose of
11 issuance and sale with any other bonds of the city heretofore or hereafter authorized; provided that,
12 notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized by this
13 act shall be expended for the purposes set forth above.

14 SECTION 4. The city council may by resolution or order authorize the issuance from time
15 to time of interest bearing or discounted notes in anticipation of the issue of bonds under section 3
16 or in anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
17 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
18 issued under this act and the amount of original notes issued in anticipation of federal or state aid
19 may not exceed the amount of available federal or state aid as estimated by the director of finance.
20 Temporary notes issued hereunder shall be signed by the manual or facsimile signatures of the
21 director of finance and the mayor and shall be payable within five (5) years from their respective
22 dates, but the principal of and interest on notes issued for a shorter period may be renewed or paid
23 from time to time by the issue of other notes hereunder; provided the period from the date of an
24 original note to the maturity of any note issued to renew or pay the same debt or the interest thereon
25 shall not exceed five (5) years. Any temporary notes in anticipation of bonds issued under this
26 section may be refunded prior to the maturity of the notes by the issuance of additional temporary
27 notes; provided that, no such refunding shall result in any amount of such temporary notes
28 outstanding at any one time in excess of two hundred percent (200%) of the amount of bonds which
29 may be issued under this act; and provided, further that, if the issuance of any such refunding notes
30 results in any amount of such temporary notes outstanding at any one time in excess of the amount
31 of bonds which may be issued under this act, the proceeds of such refunding notes shall be deposited
32 in a separate fund established with the bank which is the paying agent for the notes being refunded.
33 Pending their use to pay the notes being refunded, monies in the fund shall be invested for the
34 benefit of the city by the paying agent at the direction of the director of finance in any investment

1 permitted under section 5. The monies in the fund and any investments held as a part of the fund
2 shall be held in trust and shall be applied by the paying agent solely to the payment or prepayment
3 of the principal of and interest on the notes being refunded. Upon payment of all principal of and
4 interest on the notes, any excess monies in the fund shall be distributed to the city. The city may
5 pay the principal of and interest on notes in full from other than the issuance of refunding notes
6 prior to the issuance of bonds pursuant to section 1 hereof. In such case, the city's authority to issue
7 bonds or notes in anticipation of bonds under this act shall continue; provided that: (1) The city
8 council passes a resolution or order evidencing the city's intent to pay off the notes without
9 extinguishing the authority to issue bonds or notes; and (2) That the period from the date of an
10 original note to the maturity date of any other note shall not exceed five (5) years.

11 SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu
12 of any authorization or issue of notes hereunder, the director of finance, with the approval of the
13 city council may, to the extent that bonds or notes may be issued hereunder, apply funds in the
14 general treasury of the city to the purposes specified in section 2, such advances to be repaid without
15 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of applicable
16 federal or state assistance or from other available funds.

17 SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable federal
18 or state assistance, pending their expenditure may be deposited or invested by the director of
19 finance, in demand deposits, time deposits or savings deposits in banks which are members of the
20 Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United States
21 of America or by any agency or instrumentality thereof or as may be provided in any other
22 applicable law of the State of Rhode Island or resolution or order of the city council or pursuant to
23 an investment policy of the city.

24 SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder shall
25 be applied to the payment of the first interest due thereon. Any premiums arising from the sale of
26 bonds or notes hereunder and, to the extent permitted by applicable federal laws, any net earnings
27 or profits realized from the deposit or investment of funds hereunder shall, in the discretion of the
28 director of finance, be applied to the cost of preparing, issuing, and marketing bonds or notes
29 hereunder to the extent not otherwise provided, to the payment of the cost of the projects (provided
30 that the principal amount of the bonds authorized hereunder shall be reduced by such amount of
31 premium used for project costs), to the payment of the principal of or interest on bonds or notes
32 issued hereunder, to the revenues of the city and dealt with as part of the revenues of the city from
33 property taxes to the extent permitted by federal law, to the cost of capitalized interest on temporary
34 notes issued under section 3 of this act not otherwise provided, or to any one or more of the

1 foregoing. The cost of preparing, issuing, and marketing bonds or notes hereunder may also, in the
2 discretion of the director of finance, be met from bond or note proceeds exclusive of premium and
3 accrued interest or from other monies available therefor. Any balance of bond or note proceeds
4 remaining after payment of the cost of the projects and the cost of preparing, issuing and marketing
5 bonds or notes hereunder shall be applied to the payment of the principal of or interest on bonds or
6 notes issued hereunder. To the extent permitted by applicable federal laws, any earnings or net
7 profit realized from the deposit or investment of funds hereunder may, upon receipt, be added to
8 and dealt with as part of the revenues of the city from property taxes. In exercising any discretion
9 under this section, the director of finance shall be governed by any instructions adopted by
10 resolution or order of the city council.

11 SECTION 8. All bonds and notes issued under this act and the debt evidenced hereby shall
12 be obligatory on the city in the same manner and to the same extent as other debts lawfully
13 contracted by it and shall be excepted from the operation of § 45-12-2 and any provision of the city
14 charter. No such obligation shall at any time be included in the debt of the city for the purpose of
15 ascertaining its borrowing capacity. The city shall annually appropriate a sum sufficient to pay the
16 principal and interest coming due within the year on bonds and notes issued hereunder to the extent
17 that monies therefor are not otherwise provided. If such sum is not appropriated, it shall
18 nevertheless be added to the annual tax levy. In order to provide such sum in each year and
19 notwithstanding any provisions of law to the contrary, all taxable property in the city shall be
20 subject to ad valorem taxation by the city without limitation as to rate or amount.

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

25 SECTION 10. The city, acting by resolution or order of its city council, is authorized to
26 apply for, contract for and expend any federal or state advances or other grants of assistance which
27 may be available for the purposes of this act, and any such expenditures may be in addition to other
28 monies provided in this act. To the extent of any inconsistency between any law of this state and
29 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
30 interest where applicable, whether contracted for prior to or after the effective date of this act, may
31 be repaid as a cost of the projects under section 2.

32 SECTION 11. Bonds and notes may be issued under this act without obtaining the approval
33 of any governmental agency or the taking of any proceedings or the happening of any conditions
34 except as specifically required by this act for such issue. In carrying out any project financed in

1 whole or in part under this act, including where applicable the condemnation of any land or interest
2 in land, and in the levy and collection of assessments or other charges permitted by law on account
3 of any such project, all action shall be taken which is necessary to meet constitutional requirements
4 whether or not such action is otherwise required by statute, but the validity of bonds and notes
5 issued hereunder shall in no way depend upon the validity or occurrence of such action.

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

14 SECTION 13. All or any portion of the authorized but unissued authority to issue bonds
15 and notes under this act may be extinguished by resolution or order of the city council, without
16 further action by the general assembly, seven (7) years after the effective date of this act.

17 SECTION 14. The question of the approval of this act shall be submitted to the electors of
18 the city at the general election to be held on November 5, 2024 or, if so determined by the city
19 council before or after the passage of this act, at a special city-wide election, other than a primary,
20 held in May or June 2024. The question shall be submitted in substantially the following form:
21 "SHALL AN ACT PASSED AT THE 2024 SESSION OF THE GENERAL ASSEMBLY
22 ENTITLED 'AN ACT AUTHORIZING THE CITY OF CRANSTON TO ISSUE NOT TO
23 EXCEED \$40,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES
24 OF INDEBTEDNESS TO FINANCE THE PURCHASE AND/OR ACQUISITION OF LAND
25 AND BUILDINGS, CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION,
26 REPAIR, LANDSCAPING, FURNISHING AND/OR EQUIPPING OF SCHOOLS AND
27 SCHOOL FACILITIES THROUGHOUT THE CITY, SUBJECT TO APPROVAL OF STATE
28 HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS
29 THAN 50% AT THE TIME OF ISSUANCE' be approved?" and the warning for the election shall
30 contain the question to be submitted. From the time the election is warned and until it is held, it
31 shall be the duty of the city clerk to keep a copy of the act available at the clerk's office for public
32 inspection, but the validity of the election shall not be affected by this requirement. To the extent
33 of any inconsistency between this act and the city charter or any law of special applicability to the
34 city, this act shall prevail.

1 SECTION 15. This act shall constitute an enabling act of the general assembly that is
2 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under
3 this act for school projects shall not be eligible for state aid reimbursement pursuant to § 16-7-44
4 unless the school projects described herein have been approved by the Rhode Island department of
5 education.

6 SECTION 16. This section and sections 14 and 15 shall take effect upon passage. The
7 remainder of this act shall take effect upon the approval of this act by a majority of those voting on
8 the question at the election prescribed by section 14.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO ISSUE NOT TO EXCEED \$40,000,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE THE PURCHASE AND/OR ACQUISITION OF LAND AND
BUILDINGS, CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION,
REPAIR, LANDSCAPING, FURNISHING AND/OR EQUIPPING OF SCHOOLS AND
SCHOOL FACILITIES THROUGHOUT THE CITY, SUBJECT TO APPROVAL OF STATE
HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS
THAN 50% AT THE TIME OF ISSUANCE

1 This act authorizes the city of Cranston to issue not to exceed \$40,000,000 general
2 obligation bonds, notes and other evidences of indebtedness to finance the purchase and/or
3 acquisition of land and buildings, construction, renovation, improvement, alteration, repair,
4 landscaping, furnishing and/or equipping of schools and school facilities throughout the city,
5 subject to approval of state housing aid at a reimbursement rate or state share ratio of not less than
6 50% at the time of issuance.

7 Sections 14 and 15 shall take effect upon passage. The remainder of this act shall take
8 effect upon the approval of this act by a majority of those voting on the question at the election
9 prescribed by section 14.

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