

2012 -- S 3008

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

AUTHORIZING THE TOWN OF COVENTRY TO FINANCE EMERGENCY
IMPROVEMENTS TO FIRE SYSTEMS AT COVENTRY HIGH SCHOOL BY THE
ISSUANCE OF NOT MORE THAN \$400,000 BONDS, NOTES AND/OR OTHER
EVIDENCES OF INDEBTEDNESS THEREFOR

Introduced By: Senators Shibley, and Kettle

Date Introduced: May 24, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of Coventry is hereby empowered, in addition to authority
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter “bonds”) up
3 to an amount not exceeding four hundred thousand dollars (\$400,000) from time to time under its
4 corporate name and seal or a facsimile of such. The bonds of each issue may be issued in the
5 form of serial bonds or term bonds or a combination thereof and shall be payable either by
6 maturity of principal in the case of serial bonds or by mandatory 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, capital
10 appreciation bonds, serial bonds or term bonds or a combination thereof. The amount of principal
11 appreciation each year on any bonds, after the date of original issuance, shall not be considered to
12 be principal indebtedness for the purposes of any constitutional or statutory debt limit or any
13 other limitation. The appreciation of principal after the date of original issue shall be considered
14 interest. Only the original principal amount shall be counted in determining the principal amount
15 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
17 director of finance and the president of the town council and shall be issued and sold in such

1 amounts as the town council may authorize by resolution. The manner of sale, denominations,
2 maturities, interest rates and other terms, conditions and details of any bonds or notes issued
3 under this act may be fixed by the proceedings of the town council authorizing the issue or by
4 separate resolution of the town council or, to the extent provisions for these matters are not so
5 made, they may be fixed by the officers authorized to sign the bonds. The proceeds derived from
6 the sale of the bonds shall be delivered to the town director of finance, and such proceeds
7 exclusive of premiums and accrued interest shall be expended: (a) For emergency improvements
8 to fire systems at Coventry High School; (b) In payment of the principal of or interest on
9 temporary notes issued under section 3; (c) In repayment of advances under section 4; (d) In
10 payment of related costs of issuance of any bonds or notes; and/or (e) In payment of capitalized
11 interest during construction of the project (the "project"). No purchaser of any bonds or notes
12 under this act shall be in any way responsible for the proper application of the proceeds derived
13 from the sale thereof. The project shall be carried out and all contracts made therefor on behalf of
14 the town by the town council. The proceeds of bonds or notes issued under this act, any
15 applicable federal or state assistance and the other monies referred to in sections 6 and 9 shall be
16 deemed appropriated for the purposes of this act without further action than that required by this
17 act. The bonds authorized by this act may be consolidated for the purpose of issuance and sale
18 with any other bonds of the town heretofore or hereafter authorized, provided that,
19 notwithstanding any such consolidation, the proceeds from the sale of the bonds authorized by
20 this act shall be expended for the purposes set forth above.

21 SECTION 3. The town council may by resolution authorize the issuance from time to
22 time of interest bearing or discounted notes in anticipation of the issuance of bonds or in
23 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of
24 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be
25 issued under this act and the amount of original notes issued in anticipation of federal or state aid
26 may not exceed the amount of available federal or state aid as estimated by the director of
27 finance. Temporary notes issued hereunder shall be signed by the manual or facsimile signatures
28 of the town director of finance and the president of the town council and shall be payable within
29 five (5) years from their respective dates, but the principal of and interest on notes issued for a
30 shorter period may be renewed or paid from time to time by the issuance of other notes
31 hereunder, provided the period from the date of an original note to the maturity of any note issued
32 to renew or pay the same debt or interest thereon shall not exceed five (5) years. Any temporary
33 notes in anticipation of bonds issued under this section may be refunded prior to the maturity of
34 the notes by the issuance of additional temporary notes, provided that no such refunding shall

1 result in any amount of such temporary notes outstanding at any one time in excess of two
2 hundred percent (200%) of the amount of bonds which may be issued under this act, and provided
3 further that if the issuance of any such refunding notes results in any amount of such temporary
4 notes outstanding at any one time in excess of the amount of bonds which may be issued under
5 this act, the proceeds of such refunding notes shall be deposited in a separate fund established
6 with the bank which is paying agent for the notes being refunded. Pending their use to pay the
7 notes being refunded, moneys in the fund shall be invested for the benefit of the town by the
8 paying agent at the direction of the town director of finance in any investment permitted under
9 section 5. The moneys in the fund and any investments held as part of the fund shall be held in
10 trust and shall be applied by the paying agent solely to the payment or prepayment of the
11 principal of and interest on the notes being refunded. Upon payment of all principal of and
12 interest on the notes, any excess moneys in the fund shall be distributed to the town. The town
13 may pay the principal of and interest on notes in full from other than the issuance of refunding
14 notes prior to the issuance of bonds pursuant to section 1 hereof. In such case, the town's
15 authority to issue bonds or notes in anticipation of bonds under this act shall continue provided
16 that: (1) The town council passes a resolution evidencing the town's intent to pay off the notes
17 without extinguishing the authority to issue bonds or notes; and (2) That the period from the date
18 of an original note to the maturity date of any other note shall not exceed five (5) years.

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

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

32 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
33 shall be applied to the payment of the first interest due thereon. Any premium arising from the
34 sale of bonds or notes hereunder shall, in the discretion of the town director of finance, be applied

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

14 SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby
15 shall be obligatory on the town in the same manner and to the same extent as other debts lawfully
16 contracted by it and shall be excepted from the operation of section 45-12-2 of the general laws.
17 No such obligation shall at any time be included in the debt of the town for the purpose of
18 ascertaining its borrowing capacity. The town shall annually appropriate a sum sufficient to pay
19 the principal and interest coming due within the year on bonds and notes issued hereunder to the
20 extent that moneys therefor are not otherwise provided. If such sum is not appropriated, it shall
21 nevertheless be added to the annual tax levy. In order to provide such sum in each year and
22 notwithstanding any provision of law to the contrary, all taxable property in the town shall be
23 subject to [ad valorem](#) taxation by the town without limitation as to rate or amount.

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

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

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

10 SECTION 11. The town director of finance and the president of the town council, on
11 behalf of the town, are hereby authorized to execute such instruments, documents or other papers
12 as either of them deem necessary or desirable to carry out the intent of this act and are also
13 authorized to take all actions and execute all instruments, documents or agreements necessary to
14 comply with federal tax and securities laws, which instruments, documents or agreements may
15 have a term coextensive with the maturity of the bonds authorized hereby, including Rule 15c2-
16 12 of the Securities and Exchange Commission (the "Rule") and to execute and deliver a
17 continuing disclosure agreement or certificate in connection with the bonds or notes in the form
18 as shall be deemed advisable by such officers in order to comply with the Rule.

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

23 SECTION 13. At a general, special or local election (other than a primary) to be held on
24 a date that shall be designated by the town council, there shall be submitted to electors of the
25 town a question in substantially the following form: "Shall an act passed at the 2012 session of
26 the general assembly entitled 'AN ACT AUTHORIZING THE TOWN OF COVENTRY TO
27 FINANCE EMERGENCY IMPROVEMENTS TO FIRE SYSTEMS AT COVENTRY HIGH
28 SCHOOL BY THE ISSUANCE OF NOT MORE THAN \$400,000 BONDS, NOTES AND/OR
29 OTHER EVIDENCES OF INDEBTEDNESS THEREFOR' be approved?" and the warning for
30 the election shall contain the question to be submitted. From the time the election is warned and
31 until it is held, it shall be the duty of the town clerk to keep a copy of this act available at the
32 clerk's office for public inspection, but the validity of the election shall not be affected by this
33 requirement. To the extent of any inconsistency between this act and the town charter, this act
34 shall prevail.

1 SECTION 14. Sections 13 and 14 shall take effect upon the passage of this act. The
2 remainder of this act shall take effect upon the approval of this act by a majority of those voting
3 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 COVENTRY TO FINANCE EMERGENCY
IMPROVEMENTS TO FIRE SYSTEMS AT COVENTRY HIGH SCHOOL BY THE
ISSUANCE OF NOT MORE THAN \$400,000 BONDS, NOTES AND/OR OTHER
EVIDENCES OF INDEBTEDNESS THEREFOR

1 This act would authorize the town of Coventry to issue not more than \$400,000 bonds,
2 notes and other evidences of indebtedness to finance emergency improvements to fire systems at
3 Coventry High School.

4 Sections 13 and 14 of this act would take effect upon passage. The remainder of the act
5 would take effect upon approval by the electors of the town of the question provided for in
6 section 13.

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