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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

Introduced By: Representatives Shekarchi, Lombardi, Ackerman, Jacquard, and DeSimone

Date Introduced: February 14, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 42-64-6, 42-64-7, 42-64-15 and 42-64-23 of the General Laws in
2 Chapter 42-64 entitled "Rhode Island Economic Development Corporation" are hereby amended
3 to read as follows:

4 **42-64-6. General powers.** -- (a) Except to the extent inconsistent with any specific
5 provision of this chapter, the Rhode Island economic development corporation shall have the
6 power:

7 (1) To sue and be sued, complain and defend, in its corporate name.

8 (2) To have a seal, which may be altered at pleasure and to use the seal by causing it, or
9 a facsimile of the seal, to be impressed or affixed, or in any other manner reproduced.

10 (3) To purchase, take, receive, lease, or otherwise acquire, own, hold, improve, use, and
11 otherwise deal in and with, real or personal property, or any interest in real or personal property,
12 wherever situated.

13 (4) To sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of
14 all or any part of its property and assets for any consideration and upon any terms and conditions
15 as the corporation shall determine.

16 (5) To make contracts ~~and guarantees~~ and incur liabilities, borrow money at any rates of
17 interest as the corporation may determine.

18 (6) To make and execute agreements of lease, conditional sales contracts, installment

1 sales contracts, loan agreements, mortgages, construction contracts, operation contracts, and other
2 contracts and instruments necessary or convenient in the exercise of the powers and functions of
3 the corporation granted by this chapter.

4 (7) To lend money for its purposes, invest and reinvest its funds, and at its option to take
5 and hold real and personal property as security for the payment of funds so loaned or invested.

6 (8) To acquire or contract to acquire, from any person, firm, corporation, municipality,
7 the federal government, or the state, or any agency of either the federal government or the state,
8 by grant, purchase, lease, gift, condemnation, or otherwise, or to obtain options for the acquisition
9 of any property, real or personal, improved or unimproved, and interests in land less than the fee
10 thereof; and to own, hold, clear, improve, develop, and rehabilitate, and to sell, assign, exchange,
11 transfer, convey, lease, mortgage, or otherwise dispose or encumber that property for the
12 purposes of carrying out the provisions and intent of this chapter, for any consideration as the
13 corporation shall determine.

14 (9) To conduct its activities, carry on its operations, and have offices and exercise the
15 powers granted by this chapter, within or outside of the state.

16 (10) To elect or appoint officers and agents of the corporation, and define their duties
17 and fix their compensation.

18 (11) To make and alter by-laws, not inconsistent with this chapter, for the administration
19 and regulation of the affairs of the corporation, and those by-laws may contain provisions
20 indemnifying any person who is or was a director, officer, employee, or agent of the corporation,
21 or is or was serving at the request of the corporation as a director, officer, employee, or agent of
22 another corporation, partnership, joint venture, trust, or other enterprise, in the manner and to the
23 extent provided in section 7-1.2-814 of the business corporation act.

24 (12) To be a promoter, partner, member, associate, or manager of any partnership,
25 enterprise, or venture.

26 (13) To have and exercise all powers necessary or convenient to effect its purposes;
27 provided, however, that the corporation shall not have any power to create, empower or otherwise
28 establish any corporation, subsidiary corporation, corporate body, any form of partnership, or any
29 other separate entity without the express approval and authorization of the general assembly.

30 (b) Express approval and authorization of the general assembly shall be deemed to have
31 been given for all legal purposes on July 1, 1995 for the creation and lawful management of a
32 subsidiary corporation created for the management of the Quonset Point/Davisville Industrial
33 Park, that subsidiary corporation being managed by a board of directors, the members of which
34 shall be constituted as follows: (1) two (2) members who shall be appointed by the town council

1 of the town of North Kingstown; (2) two (2) members who shall be residents of the town of North
2 Kingstown appointed by the governor; (3) four (4) members who shall be appointed by the
3 governor; (4) the chairperson, who shall be the executive director of the Rhode Island economic
4 development corporation; and (5) non-voting members who shall be the members of the general
5 assembly whose districts are comprised in any part by areas located within the town of North
6 Kingstown.

7 The approval and authorization provided herein shall terminate upon the establishment
8 of the Quonset Development Corporation as provided for in chapter 64.10 of this title.

9 **42-64-7. Additional general powers.** -- In addition to the powers enumerated in section
10 42-64-6, except to the extent inconsistent with any specific provision of this chapter, the Rhode
11 Island economic development corporation shall have power:

12 (1) To undertake the planning, development, construction, financing, management,
13 operation of any project, and all activities in relation thereto.

14 (2) (i) To sell, mortgage, lease, exchange, transfer, or otherwise dispose of or encumber
15 any port project, (or in the case of a sale, to accept a purchase money mortgage in connection
16 with any port project) or to grant options for any purposes with respect to any real or personal
17 property or interest in real or personal property, all of the foregoing for consideration as the
18 corporation shall determine. Any lease by the corporation to another party may be for any part of
19 the corporation's property, real or personal, for any period, upon any terms or conditions, with or
20 without an option on the part of the lessee to purchase any or all of the leased property for any
21 consideration, at or after the retirement of all indebtedness incurred by the corporation on account
22 thereof, as the corporation shall determine.

23 (ii) Without limiting the generality of the foregoing, the corporation is expressly
24 empowered to lease or sell any part of the real or personal property owned or controlled by the
25 corporation to the state, or any department of the state or to any municipality. The provisions of
26 this section or of any other laws of this state (other than this chapter) restricting the power of the
27 state, its departments or any municipality, to lease or sell property, or requiring or prescribing
28 publication of notice of intention to lease or sell, advertising for bids, the terms of contracts of
29 lease or sale, that would in any manner interfere with the purpose of this section, which is to
30 provide for the mutual cooperation by and between the corporation and the state, its departments
31 or any municipality, to the fullest extent possible, are not applicable to leases and sales made
32 pursuant to this section.

33 (3) To prepare or cause to be prepared plans, specifications, designs, and estimates of
34 costs for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any

1 project, and from time to time to modify those plans, specifications, designs, or estimates.

2 (4) To manage any project, whether then owned or leased by the corporation, and to
3 enter into agreements with the state or any municipality or any agency or their instrumentalities,
4 or with any person, firm, partnership, or corporation, either public or private, for the purpose of
5 causing any project to be managed.

6 (5) To provide advisory, consultative, training, and educational services, technical
7 assistance, and advice to any person, firm, partnership, or corporation, whether it is public or
8 private, in order to carry out the purposes of this chapter.

9 (6) Subject to the provisions of any contract with note holders or bond holders to consent
10 to the modification, with respect to rate of interest, time of payments of any installment of
11 principal or interest, security or any other term of any mortgage, mortgage loan, mortgage loan
12 commitment, contract, or agreement of any kind to which the corporation is a party.

13 (7) In connection with any property on which it has made a mortgage loan, to foreclose
14 on that property or commence an action to protect or enforce any right conferred upon it by law,
15 mortgage, contract, or other agreement and to bid for and purchase the property at any foreclosure
16 or any other sale, or to acquire or take possession of the property; and in that event the
17 corporation may complete, administer, pay the principal of, or interest on any obligations incurred
18 in connection with the property, dispose of, and otherwise deal with the property in a manner as
19 may be necessary or desirable to protect the interest of the corporation therein.

20 (8) As security for the payment of principal and interest on any bonds or notes or any
21 agreements made in connection therewith, to mortgage and pledge any or all of its projects and
22 property, whether then owned or thereafter acquired, and to pledge the revenues and receipts from
23 all or part thereof, and to assign or pledge the leases, sales contracts or loan agreements or other
24 agreements on any portion or all of its projects and property and to assign or pledge the income
25 received by virtue of the lease, sales contracts, loan agreements or other agreements.

26 (9) To invest any funds of the corporation, including funds held in reserve or sinking
27 funds, or any moneys not required for immediate use or disbursement at the discretion of the
28 corporation, in: (i) obligations of the state or the United States, (ii) obligations of the principal
29 and interest of which are guaranteed by ~~the state or~~ the United States, (iii) obligations of agencies
30 and instrumentalities of the state or the United States, or (iv) certificates of deposits of banks and
31 trust companies or shares of building loan associations organized under the laws of the state or
32 doing business in the state or (v) any obligations, securities, and other investments as shall be
33 specified in resolutions of the corporation.

34 (10) To engage the services of consultants on a contract basis for rendering professional

1 and technical assistance and advice, and to employ architects, engineers, attorneys, accountants,
2 construction, and financial experts and any other advisors, consultants, and agents as may be
3 necessary in his or her judgment, and to fix their compensation.

4 (11) To contract for and to accept any gifts or grants or loans or funds or property or
5 financial or other assistance in any form from the United States or any agency or instrumentality
6 of the United States or from the state or any agency or instrumentality of the state or from any
7 other source and to comply, subject to the provisions of this chapter, with the terms and
8 conditions of this contract.

9 (12) To enter into agreements with any municipality or political subdivision, either
10 directly or on behalf of any other party which holds legal title to all or any portion of a project as
11 the lessee from the corporation designated pursuant to section 42-64-20(c), providing that the
12 corporation or the lessee shall pay annual sums in lieu of taxes to the municipality or political
13 subdivision of the state in respect to any real or personal property which is owned by the
14 corporation or the lessee and is located in the municipality or political subdivision.

15 (13) To borrow money and to issue negotiable bonds and notes, and to provide for the
16 rights of the holders of these bonds and notes, for the purpose of providing funds to pay all or any
17 part of the cost of any port project or for the purpose of refunding any of these bonds issued.

18 (14) To construct, acquire, own, repair, develop, operate, maintain, extend, and improve,
19 rehabilitate, renovate, furnish, and equip one or more port projects and to pay all or any part of
20 the costs of these bonds and notes from the proceeds of bonds of the corporation or from any
21 contribution, gift, or donation or other funds made available to the corporation for those purposes.

22 (15) To fix, charge and collect rents, fees, tolls, and charges for the use of any port
23 project and to alter and investigate rates, and practices of charging, which affect port projects so
24 as to increase commerce in the state.

25 (16) To prescribe rules and regulations deemed necessary or desirable to carry out the
26 purposes of this chapter including rules and regulations to insure maximum use and proper
27 operation of port projects.

28 (17) To establish penalties for violations of any order, rule, or regulation of the
29 corporation, and a method of enforcing these penalties.

30 (18) To develop, maintain, and operate foreign trade zones under those terms and
31 conditions that may be prescribed by law.

32 (19) To impose administrative penalties in accordance with the provisions of section 42-
33 64-9.2.

34 (20) To make assessments and impose reasonable and just user charges, and to pay for

1 those expenses that may be required by law or as may be determined by the corporation to be
2 necessary for the maintenance and operation of the sewage treatment facility.

3 (21) To establish a sewage pretreatment program, and to require as a condition to the
4 grant or re-issuance of any approval, license, or permit required under the program that the person
5 applying for the approval, license or permit, pay to the corporation a reasonable fee based on the
6 cost of reviewing and acting upon the application and based on the costs of implementing the
7 program. In addition, where a violation of any of the provisions of this title or any permit, rule,
8 regulation, or order issued pursuant to this title have occurred, the violator shall reimburse the
9 corporation for the actual costs of implementing and enforcing the terms of the permit, rule,
10 regulation or order as a condition to the grant or re-issuance of any approval.

11 (22) To assist urban communities revitalize their local economics.

12 (23) To provide assistance to minority businesses and to neighborhoods where there is
13 insufficient economic and business investment.

14 (24) To support and assist entrepreneurial activity by minorities and by low and
15 moderate income persons.

16 (25) To issue bonds and notes of the type and for those projects and for those purposes
17 specified in any Joint Resolution of the General Assembly adopted by the Rhode Island house of
18 representatives and the Rhode Island senate; pursuant to section 18 of title 35 of the general laws
19 entitled "the Rhode Island Public Corporation Debt Management Act"; and to make such
20 determinations, enter into such agreements, to deliver such instruments and to take such other
21 actions as it shall deem necessary or desirable to effectuate the financing of such projects.

22 **42-64-15. Bonds and notes of the corporation.** -- (a) The Rhode Island economic
23 development corporation shall have the power and is authorized to issue from time to time its
24 negotiable bonds and notes in one or more series in any principal amounts as in the opinion of the
25 corporation shall be necessary to provide sufficient funds for achieving its purposes, including the
26 payment of interest on bonds and notes of the corporation, the establishment of reserves to secure
27 those bonds and notes (including the reserve funds created pursuant to section 42-64-18), and the
28 making of all other expenditures of the corporation incident to and necessary or convenient to
29 carrying out its corporate purposes and powers.

30 (b) All bonds and notes issued by the corporation may be secured by the full faith and
31 credit of the corporation or may be payable solely out of the revenues and receipts derived from
32 the lease, mortgage, or sale by the corporation of its projects or of any part of its projects, or from
33 any other revenues or from repayment from any loans made by the corporation with regard to any
34 of its projects or any part of its projects, all as may be designated in the proceedings of the

1 corporation under which the bonds or notes shall be authorized to be issued. The bonds and notes
2 may be executed and delivered by the corporation at any time from time to time, may be in any
3 form and denominations and of any tenor and maturities, and may be in bearer form or in
4 registered form, as to principal and interest or as to principal alone, all as the corporation may
5 determine.

6 (c) Bonds may be payable in any installments, and at times not exceeding fifty (50) years
7 from their date, as shall be determined by the corporation.

8 (d) Except for notes issued pursuant to section 42-64-16, notes, and any renewals, may
9 be payable in any installments and at any times not exceeding ten (10) years from the date of the
10 original issue of the notes, as shall be determined by the corporation.

11 (e) Bonds and notes may be payable at any places, whether within or outside of the state,
12 may bear interest at any rate or rates payable at any time or times and at any place or places and
13 evidenced in any manner, and may contain any provisions not inconsistent with this section, all as
14 shall be provided in the proceedings of the corporation under which they shall be authorized to be
15 issued.

16 (f) There may be retained by provision made in the proceedings under which any bonds
17 or notes of the corporation are authorized to be issued an option to redeem all or any part of these
18 bonds or notes, at any prices and upon any notice, and on any further terms and conditions as
19 shall be set forth on the record of the proceedings and on the face of the bonds or notes.

20 (g) Any bonds or notes of the corporation may be sold from time to time at those prices,
21 at public or private sale, and in any manner as shall be determined by the corporation, and the
22 corporation shall pay all expenses, premiums, and commissions that it shall deem necessary or
23 advantageous in connection with the issuance and sale of these bonds and notes.

24 (h) Moneys of the corporation, including proceeds from the sale of bonds or notes, and
25 revenues, receipts and income from any of its projects or mortgages, may be invested and
26 reinvested in any obligations, securities, and other investments consistent with this section as
27 shall be specified in the resolutions under which the bonds or notes are authorized.

28 (i) Issuance by the corporation of one or more series of bonds or notes for one or more
29 purposes shall not preclude it from issuing other bonds or notes in connection with the same
30 project or any other project, but the proceedings whereunder any subsequent bonds or notes may
31 be issued shall recognize and protect a prior pledge or mortgage made for a prior issue of bonds
32 or notes unless in the proceedings authorizing that prior issue the right is reserved to issue
33 subsequent bonds or notes on a parity with that prior issue.

34 (j) The corporation is authorized to issue bonds or notes for the purpose of refunding its

1 bonds or notes then outstanding, including the payment of any redemption premium and any
2 interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or
3 maturity of the bonds or notes, and, if deemed advisable by the corporation, for the additional
4 purpose of paying all or part of the cost of acquiring, constructing, reconstructing, rehabilitating,
5 or improving any project, or the making of loans on any project. The proceeds of bonds or notes
6 issued for the purpose of refunding outstanding bonds or notes may be applied, in the discretion
7 of the corporation, to the purchase, retirement at maturity, or redemption of the outstanding bonds
8 or notes either on their earliest or a subsequent redemption date, and may, pending that
9 application, be placed in escrow. Those escrowed proceeds may be invested and reinvested in
10 obligations of or guaranteed by the United States, or in certificates of deposit or time deposits
11 secured or guaranteed by ~~the state or~~ the United States, or an instrumentality of either, maturing at
12 any time or times as shall be appropriate to assure the prompt payment, as to principal, interest,
13 and redemption premium, if any, of the outstanding bonds or notes to be so refunded. The
14 interest, income and profits, if any, earned or realized on the investment may also be applied to
15 the payment of the outstanding bonds or notes to be so refunded. After the terms of the escrow
16 have been fully satisfied and carried out, any balance of the proceeds and interest, income and
17 profits, if any, earned or realized on the investments may be returned to the corporation for use by
18 it in furtherance of its purposes. The portion of the proceeds of bonds or notes issued for the
19 additional purpose of paying all or part of the cost of acquiring, constructing, reconstructing,
20 rehabilitating, developing, or improving any project, or the making of loans on any project, may
21 be invested and reinvested in any obligations, securities, and other investments consistent with
22 this section as shall be specified in the resolutions under which those bonds or notes are
23 authorized and which shall mature not later than the times when those proceeds will be needed for
24 those purposes. The interest, income and profits, if any, earned or realized on those investments
25 may be applied to the payment of all parts of the costs, or to the making of loans, or may be used
26 by the corporation otherwise in furtherance of its purposes. All bonds or notes shall be issued and
27 secured and shall be subject to the provisions of this chapter in the same manner and to the same
28 extent as any other bonds or notes issued pursuant to this chapter.

29 (k) The directors, the executive director of the corporation, and other persons executing
30 bonds or notes shall not be subject to personal liability or accountability by reason of the issuance
31 of these bonds and notes.

32 (l) Bonds or notes may be issued under the provisions of this chapter without obtaining
33 the consent of any department, division, commission, board, body, bureau, or agency of the state,
34 and without any other proceedings or the happening of any conditions or things other than those

1 proceedings, conditions, or things which are specifically required by this chapter and by the
2 provisions of the resolution authorizing the issuance of bonds or notes or the trust agreement
3 securing them.

4 (m) The corporation, subject to any agreements with note holders or bondholders as may
5 then be in force, shall have power out of any funds available therefor to purchase bonds or notes
6 of the corporation, which shall thereupon be cancelled, at a price not exceeding:

7 (1) If the bonds or notes are then redeemable, the redemption price then applicable plus
8 accrued interest to the next interest payment date; or

9 (2) If the bonds or notes are not then redeemable, the redemption price applicable on the
10 earliest date that the bonds or notes become subject to redemption, plus the interest that would
11 have accrued to that date.

12 (n) Whether or not the bonds and notes are of a form and character as to be negotiable
13 instruments under the terms of the Rhode Island Uniform Commercial Code, title 6A, the bonds
14 and notes are hereby made negotiable instruments within the meaning of and for all the purposes
15 of the Rhode Island Uniform Commercial Code, subject only to the provisions of the bonds and
16 notes for registration.

17 (o) If a director or officer of the corporation whose signature appears on bonds, notes, or
18 coupons shall cease to be a director or officer before the delivery of those bonds or notes, that
19 signature shall, nevertheless, be valid and sufficient for all purposes, the same as if the director or
20 officer had remained in office until the delivery.

21 **42-64-23. Credit of state.** -- (a) Obligations issued under the provisions of this chapter,
22 except those obligations secured by mortgages which are insured by the industrial building
23 authority, shall not constitute a debt, liability or obligation of the state or of any political
24 subdivision of the state other than the Rhode Island economic development corporation or a
25 pledge of the faith and credit of the state or any political subdivision other than the corporation
26 but shall be payable solely from the revenues or assets of the corporation. Each obligation issued
27 under this chapter, except those obligations secured by mortgages which are insured by the
28 industrial building authority, shall contain on its face a statement to the effect that the corporation
29 shall not be obligated to pay the obligation or interest on the obligation except from revenues or
30 assets pledged therefor and that neither the faith and credit nor the taking power of the state or
31 any political subdivision of the state other than the corporation is pledged to the payment of the
32 principal of or the interest on the obligation.

33 (b) Obligations issued under the provisions of this chapter which are secured by
34 mortgages insured by the industrial building authority, in addition to being payable from the

1 revenues or assets of the corporation, shall be secured by a pledge of the faith and credit of the
2 state consistent with the terms and limitations of chapter 34 of this title.

3 (c) Notwithstanding any provision of law to the contrary contained in any general or
4 public law, rule or regulation, Rhode Island economic development corporation shall not
5 guarantee any loan or obligation, nor shall it pledge the faith and credit of the state or any of its
6 subdivisions.

7 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT - RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

- 1 This act would prohibit the economic development corporation from guaranteeing any
- 2 loans and obligations.
- 3 This act would take effect upon passage.

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