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ARTICLE 7 AS AMENDED

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

SECTION 1. This article consists of joint resolutions that are submitted pursuant to Rhode Island General Laws § 35-18-1, et seq.

SECTION 2. Information Technology Improvements.

WHEREAS, The division of taxation is the primary revenue collecting agency for the State of Rhode Island, administering fifty-seven (57) different tax/fee types and collecting nearly three billion dollars per year. Currently an assortment of software systems is being utilized to administer these taxes and fees. The most critical of these systems is built on forty (40) year old technology that is increasingly difficult and expensive to use and maintain; and

WHEREAS, Recognizing the need to better serve the citizens of Rhode Island and the need to modernize its technology, and to support related tax enforcement activities, the State of Rhode Island and the division of taxation would benefit from the acquisition of a modern integrated tax system that would centralize all taxpayer information in one computer system; and

WHEREAS, The State of Rhode Island is actively reforming its education system by, among other initiatives, developing enterprise data systems that will offer five platforms, including the instruction management system and the educator evaluation system. These data systems will provide an unprecedented level of student and teacher data to track student, teacher, and school performance and address the student achievement gaps; and

WHEREAS, Rhode Island’s local education agencies (“LEAs”), districts, charter schools and state schools need to upgrade their existing technology infrastructure in order to provide twenty-first century technology-based learning, including e-learning opportunities, on-line textbooks, and on-line assessments. In addition, several LEAs have insufficient wireless access in their classrooms to access new data systems and on-line resources; and

WHEREAS, The project costs associated with these information technology improvements are estimated to be \$44.8 million. The total financing obligation of the State of Rhode Island would be approximately \$45.3 million, with \$44.8 million deposited in the project fund and \$0.5 million allocated to pay the associated costs of financing. Total payments on the State’s obligation over ten (10) years on the \$45.3 million issuance are projected to be \$66.6 million, assuming an average interest rate of 4.0%. The payments would be financed within the

1 department of administration from general revenue appropriations; now, therefore, be it

2 RESOLVED, That this general assembly hereby approves financing in an amount not to
3 exceed \$45.3 million for the provision of funds for information technology improvements,
4 including \$0.5 million to pay costs of financing; that \$19.8 million be made available from the
5 project fund for improvements to the technology infrastructure of local education agencies; that
6 \$25.0 million be made available from the project fund for an integrated tax system; and provided
7 further, that any funding amount from federal forfeiture funds for law and tax enforcement
8 received for these purposes may be used to reduce the amount of borrowed funds; be it further

9 RESOLVED, That this joint resolution shall take effect immediately upon its passage by
10 the general assembly.

11 SECTION 3. Rhode Island Airport Corporation.

12 WHEREAS, The Rhode Island economic development corporation is a public
13 instrumentality of the State of Rhode Island (the "state"), created by the general assembly
14 pursuant to Rhode Island general laws §§ 42-64-1 et seq. (as enacted, reenacted and amended, the
15 "act"); and

16 WHEREAS, The act declares, in part, that new industrial, manufacturing, recreational,
17 and commercial facilities are required to attract and house new industries and thereby reduce the
18 hazards of unemployment; and that unaided efforts of private enterprises have not met, and
19 cannot meet, the needs of providing those facilities due to problems encountered in assembling
20 suitable building sites, lack of adequate public service, unavailability of private capital for
21 development, and the inability of private enterprise alone to plan, finance, and coordinate
22 industrial, recreational, and commercial development; and

23 WHEREAS, The act further declares it to be the public policy of the state to furnish
24 proper and adequate airport facilities within the state and to encourage the integration of these
25 facilities so far as practicable; and

26 WHEREAS, In furtherance of these goals, it is the policy of the state to retain existing
27 industries and to induce, encourage and attract new industries through the acquisition,
28 construction, reconstruction and rehabilitation of industrial, manufacturing, recreational, and
29 commercial facilities, as well as transportation, residential, environmental, utility, public service,
30 institutional and civic and community facilities, and to develop sites for such facilities; and

31 WHEREAS, The act has empowered the Rhode Island economic development
32 corporation to establish subsidiary corporations to exercise its powers and functions, or any of
33 them, and, pursuant to such power, the Rhode Island economic development corporation has
34 established the Rhode Island airport corporation to plan, develop, construct, finance, manage, and

1 operate airport facilities in the state; and

2 WHEREAS, The act provides that the Rhode Island airport corporation shall have the
3 power to purchase, take, receive, lease or otherwise acquire, own, hold, improve, use and
4 otherwise deal in and with, real or personal property, or any interest therein, wherever situated;
5 and

6 WHEREAS, The act also provides that the Rhode Island airport corporation shall have
7 the power to sell, mortgage, lease, exchange, transfer or otherwise dispose of or encumber any
8 project, (or in the case of a sale, to accept a purchase money mortgage in connection therewith) or
9 to grant options for any such purposes with respect to any real or personal property or interest
10 therein, all of the foregoing for such consideration as the Rhode Island airport corporation shall
11 determine. Any lease by the Rhode Island airport corporation to another party may be for such
12 part of the Rhode Island airport corporation's property, real or personal, for such period, upon
13 such terms or conditions, with or without an option on the part of the lessee to purchase any or all
14 of the leased property for such consideration, at or after the retirement of all indebtedness
15 incurred by the Rhode Island airport corporation on account thereof, as the Rhode Island airport
16 corporation shall determine; and

17 WHEREAS, The act authorizes the Rhode Island economic development corporation to
18 borrow money and issue bonds for any of its corporate purposes; and

19 WHEREAS, Pursuant to §§ 35-18-3 and 35-18-4 of Rhode Island general laws, the
20 Rhode Island economic development corporation requests the approval of the general assembly of
21 the Rhode Island economic development corporation's issuance of airport revenue bonds (the
22 "bonds") for the purpose of providing funds to the Rhode Island airport corporation for financing
23 the various capital projects including, but not limited to, a de-icer management system, runway
24 and taxiway improvements, noise mitigation and land acquisition, and facility developments (the
25 "Fiscal Year 2013 Airport Project"), funding capitalized interest, costs of issuing the bonds and
26 related costs, and the establishment of reserves for the project and the bonds, including a debt
27 service reserve fund; and

28 WHEREAS, The Rhode Island airport corporation anticipates the need to utilize short
29 term borrowings to fund timing differences between construction activities and receipt of federal
30 grants;

31 WHEREAS, The financing of the Fiscal Year 2013 Airport Project will be accomplished
32 through one or more loan agreements having the Rhode Island airport corporation as borrower,
33 such agreement or agreements to require that the Rhode Island airport corporation make loan
34 payments in an amount no less than the debt service on the bonds; now, therefore, be it

1 RESOLVED, The general assembly hereby approves the Rhode Island economic
2 development corporation's issuance of the bonds. The bonds will be special obligations of the
3 Rhode Island economic development corporation, payable exclusively from loan repayments
4 under a loan agreement with the Rhode Island airport corporation and from bond proceeds, funds,
5 accounts, and properties and the proceeds thereof pledged therefor, and thus the Rhode Island
6 economic development corporation's maximum liability will be limited to loan repayments
7 received under the loan agreement and the aggregate amount of such other funds, accounts,
8 properties, and proceeds; and be it further

9 RESOLVED, That the total amount of debt approved to be issued in the aggregate shall
10 be not more than \$174,000,000. Total debt service on the bonds is not expected to exceed
11 \$12,000,000 annually and \$351,000,000 in the aggregate based on level annual payments, an
12 average interest rate of 6.83%, and a 30-year maturity. Total debt service on short-term
13 borrowings to fund timing differences between construction activities and receipt of federal
14 grants is not expected to exceed \$6,700,000 annually and \$34,000,000 in the aggregate based on
15 an average interest rate of 4.00% and an 8-year maturity; and be it further

16 RESOLVED, That the general assembly hereby approves the Rhode Island airport
17 corporation's entering into the loan agreements described above. Payments under the loan
18 agreements shall be derived exclusively from project revenues and such other proceeds, funds,
19 accounts, projects and the proceeds thereof as the Rhode Island airport corporation may pledge
20 therefore; and be it further

21 RESOLVED, That none of the bonds or the loan agreements shall constitute indebtedness
22 of the state or a debt for which the full faith and credit of the state is pledged or a moral
23 obligation thereof; and be it further

24 RESOLVED, That this resolution shall apply to debt issued within one (1) year of the
25 date of passage of this resolution.

26 SECTION 4. Rhode Island Resource Recovery Corporation

27 WHEREAS, The Rhode Island resource recovery corporation (the "corporation") is a
28 public corporation of the State of Rhode Island (the "state"), constituting a public instrumentality
29 and agency exercising public and essential governmental functions of the state, created by the
30 general assembly pursuant to Rhode Island general laws §§ 23-19-1 et seq., entitled the "Rhode
31 Island resource recovery corporation act" (as enacted, reenacted and amended, the "act"); and

32 WHEREAS, Pursuant to the act, the corporation is designated to carry out the provisions
33 of the act; and

34 WHEREAS, Also pursuant to the act, the purposes of the corporation include the

1 planning, design, construction, financing, management, ownership, operation, and maintenance of
2 transfer stations, waste processing facilities, resource recovery facilities, and all other solid waste
3 management facilities and the provision of solid waste management services to municipalities and
4 persons within the state; and

5 WHEREAS, For the purpose of planning, designing, constructing, financing, managing,
6 owning, operating, and maintaining transfer stations, waste processing facilities, resource
7 recovery facilities, and all other solid waste management facilities and providing solid waste
8 management services to municipalities and persons within the state, the corporation is authorized
9 to issue from time to time its negotiable bond and notes in one or more series in such principal
10 amounts as in the opinion of the corporation shall be necessary to provide sufficient funds for
11 achieving its purpose, including the payment of interest on the bonds and notes of the
12 corporation, the establishment of reserves to secure the bonds and notes, and the making of all
13 other expenditures of the corporation incident to and necessary or convenient to carrying out its
14 purposes and powers; and

15 WHEREAS, Pursuant to Rhode Island general laws §§ 35-18-3 and 35-18-4, the
16 corporation has requested the approval of the general assembly of the corporation's issuance of
17 not more than \$40 million of revenue bonds (the "bonds") for the purpose of providing funds for
18 capital projects and for costs associated with the bonds including capitalized interest, debt service
19 reserve and costs of issuance; and

20 WHEREAS, The corporation will use the bond proceeds to fund the design and
21 construction of a leachate pretreatment facility to comply with projected changes in discharge
22 standards for the disposal of wastewater, including leachate, into a public sewer system. The
23 treatment facility (the "facility" or the "project") is expected to have the capacity of pretreating
24 650,000 gallons of wastewater daily and utilize sequencing batch reactor technology for
25 wastewater treatment; and

26 WHEREAS, The corporation currently discharges wastewater/leachate flows from
27 several sources from its solid waste operations, including leachate from primary and secondary
28 collection systems in phases II/III, IV and V of the central landfill, underdrains constructed under
29 the liners of various sections of the landfill as required by Rhode Island department of
30 environmental management ("RIDEM") regulations, discharge from the phase I hot spot
31 treatment system operated as part of superfund remediation requirements, and condensate from
32 the landfill gas collection and treatment systems and sanitary flows from the various buildings
33 and facilities on site; and

34 WHEREAS, The landfill-related leachate is currently discharged through the Cranston

1 sewer system to the Cranston wastewater treatment facility (“WWTF”); and

2 WHEREAS, The corporation does not currently pretreat the collected flows prior to
3 discharge into the Cranston WWTF; and

4 WHEREAS, The corporation has received final approval from the RIDEM for the
5 construction of phase VI of the landfill, which will include a primary and secondary leachate
6 collection system and will operate for approximately 20 years; and

7 WHEREAS, Municipal wastewater treatment plants that the corporation can potentially
8 discharge into are currently implementing upgrades to their facilities to meet lower effluent
9 discharge standards required by their permits with RIDEM; and

10 WHEREAS, The corporation has previously engaged an engineering consultant to
11 conduct a preliminary evaluation of future requirements to treat wastewater discharges from the
12 various operations at the Shun Pike facilities; and

13 WHEREAS, Over the past several years the engineering consultant has been assisting the
14 corporation in evaluating approaches to treat wastewater flows, consisting primarily of landfill
15 leachate, to meet the discharge standards established by municipal wastewater treatment facilities
16 that are in proximity to the corporation’s operations; and

17 WHEREAS, The engineering consultant has issued a report indicating that based on these
18 standards, and the more stringent effluent standards anticipated in the future, the corporation will
19 be required to construct a new pretreatment plant facility on-site to comply with these standards
20 prior to discharging wastewater into any municipal sewer system; and

21 WHEREAS, The engineering consultant has proposed utilizing a reliable, cost-effective
22 and high-efficiency technology, sequential batch reactors, which are basically industrial tanks in
23 which all metabolic processing and solid / liquid separation occurs in one tank and in a
24 continuously repeated time sequence; and

25 WHEREAS, Sequential batch reactor processes are known to save more than 60% of the
26 expenses required for conventional activated sludge processing and achieve high effluent quality
27 in a very short aeration time; and

28 WHEREAS, The estimated cost of the project is anticipated to be approximately \$35
29 million to \$40 million; and

30 WHEREAS, In the event that not all of the bond proceeds are used to carry out the
31 specified project, the corporation will use any remaining funds to pay debt service on the bonds;
32 now, therefore, be it

33 RESOLVED, That this general assembly hereby approves the corporation’s issuance of
34 not more than the total of the competitively awarded contract plus financing costs, or \$40 million,

1 whichever is less, of bonds for the purpose of providing funds for the project and for costs
2 associated with bonds including capitalized interest, debt service reserve and costs of issuance;
3 and be it further

4 RESOLVED, That the bonds will be general obligations of the corporation payable from
5 the corporation's revenues and thus the corporation's maximum liability will be for the total debt
6 service on the bonds which is estimated to be \$3.0 million per year or \$59 million in the
7 aggregate based on an average interest rate of 4.0 percent and a 20 year maturity; and be it further

8 RESOLVED, That the bonds will not constitute indebtedness of the state or any of its
9 subdivisions or a debt for which the full faith and credit of the state or any of its subdivisions is
10 pledged except to the extent that the state provides the corporation with annual budget
11 appropriations pursuant to Rhode Island general laws § 23-19-13(i) and the corporation's
12 revenues are not otherwise sufficient to pay debt service on the bonds, the maximum possible
13 financial obligation of the state under the bonds will be to appropriate for any deficiency; and be
14 it further

15 RESOLVED, That this joint resolution shall take effect immediately upon its passage by
16 this general assembly, provided that the delivery of the bonds shall be not later than one (1) year
17 from the date of such passage.

18 SECTION 5. GARVEE Program.

19 WHEREAS, The Rhode Island Department of Transportation ("RIDOT") has undertaken
20 five (5) major transportation projects, and these projects were either substantially completed or
21 under construction in the year 2011; and

22 WHEREAS, The construction of these projects was deemed critical in order to preserve
23 and maintain the public safety and continued economic success and viability of the State of
24 Rhode Island, its ports and infrastructure; and

25 WHEREAS, RIDOT explored various options to finance the costs of the five (5) major
26 transportation projects and determined that the federal-aid financing program authorized in
27 federal law by Section 311 of the National Highway System Designation Act of 1995 and
28 commonly referred to as the Grant Anticipation Revenue Vehicle Program ("GARVEE
29 Program") represented the best financing mechanism for the State of Rhode Island, inasmuch as
30 the GARVEE Program accelerated the funding and construction of the five (5) major
31 transportation projects; and

32 WHEREAS, The General Assembly, in Chapter 376, Article 36, Sections 8 and 9 of the
33 Rhode Island Public Laws of 2003, granted RIDOT, through the Rhode Island Economic
34 Development Corporation ("RIEDC"), the authorization to issue bonds ("GARVEE Bonds") or

1 other debt instruments backed by future appropriations for federal-aid transportation projects
2 whereby such amounts are used to cover an assortment of bond-related costs, including principal
3 and interest payments, issuance costs, insurance, and other costs incidental to a financing; and

4 WHEREAS, The original Public Corporation Debt Management authorization in Chapter
5 376, Article 36, Sections 8 and 9 of the Rhode Island Public Laws of 2003 included a total of
6 \$709.6 million in GARVEE funding to be distributed across five projects, as follows: \$126.2
7 million for the Sakonnet River Bridge; \$348.3 million for the Route I-195 Relocation; \$85.4
8 million for the Washington Bridge; \$42.5 million for the Freight Rail Improvement Program
9 (FRIP), and \$107.2 million for Route 403; and

10 WHEREAS, Additional grants and Federal earmark funding have been received for the
11 completion of the Washington Bridge project, while, at the same time, preliminary cost estimates
12 for the Sakonnet River Bridge replacement, which were used to allocate GARVEE proceeds,
13 have proven to be lower than the funding required; and

14 WHEREAS, The reallocation of GARVEE funds to the Sakonnet River Bridge project
15 will allow an equal amount of Federal highway funding to be applied to other highway projects
16 included in the Rhode Island Transportation Improvement Program ("TIP"); and

17 WHEREAS, The reallocated GARVEE financing associated with these projects is
18 estimated to be:

19 (1) For the Sakonnet River Bridge: (a) a total capital cost of one hundred twenty seven
20 million three hundred eighty two thousand five hundred sixty six dollars (\$127,382,566); (b) the
21 total debt issuance of GARVEE and/or other than GARVEE Bonds associated with payment of
22 the capital costs, financing costs, costs of issuance or insurance or credit enhancement would be
23 an amount not to exceed one hundred thirty five million eight hundred twenty five thousand
24 dollars (\$135,825,000); (c) with respect to the total debt issuance of one hundred thirty five
25 million eight hundred twenty five thousand dollars (\$135,825,000) referenced in subsection (b)
26 above, an amount not to exceed twenty five million two hundred forty eight thousand dollars
27 (\$25,248,000) of bonds would be repaid by the State of Rhode Island with other than FHWA
28 funds (the "State Match Bonds"); (d) total debt service payments on the State Match Bonds over
29 an expected twenty (20) year period on the twenty five million two hundred forty eight thousand
30 dollars (\$25,248,000) issuance are projected to be thirty seven million four hundred fifty eight
31 thousand dollars (\$37,458,000), assuming an average coupon rate of 5.1%; and (e) the debt
32 service payments on the State Match Bonds are supported from the Motor Fuel Tax Allocation as
33 hereinafter defined; and total debt service on all bonds of two hundred four million five hundred
34 thirty two thousand nine hundred twenty dollars (\$204,532,920); and

1 (2) For the Washington Bridge: (a) a total capital cost of \$75,845,000; (b) the total debt
2 issuance of GARVEE and/or other than GARVEE Bonds associated with payment of the capital
3 costs, financing costs, costs of issuance or insurance or credit enhancement would be an amount
4 not to exceed \$75,845,000; and (c) no State Match Bonds will be issued in connection with the
5 Washington Bridge as all costs related to the construction and financing of this project will be
6 covered by the FHWA funds due the State of Rhode Island; and total debt service on all bonds of
7 one hundred eighteen million four hundred twenty two thousand five hundred dollars
8 (\$118,422,500); now, therefore, be it

9 RESOLVED, That this General Assembly finds that the Projects are essential public
10 facilities and are of a type and nature consistent with the purposes and within the powers of the
11 Department of Transportation to undertake, and hereby approves that the Sakonnet River Bridge
12 and Washington Bridge remain critical components of the infrastructure of the State of Rhode
13 Island, and that it is in the best interests of the State to maximize the use of proceeds from the
14 GARVEE bonds already issued. Therefore, this General Assembly hereby approves the following
15 reallocation in GARVEE bond proceeds:

16 (1) For the New Sakonnet Bridge: the issuance of an amount not to exceed one hundred
17 twenty seven million three hundred eighty two thousand five hundred sixty six dollars
18 (\$127,382,566) in GARVEE Bonds, the repayment of which shall be derived from and supported
19 by FHWA funds due the State of Rhode Island, and an amount not to exceed twenty five million
20 two hundred forty eight thousand dollars (\$25,248,000) in State Match Bonds and to incur and
21 pay debt service payments for such State Match Bonds in an amount not to exceed thirty seven
22 million four hundred fifty eight thousand dollars (\$37,458,000) and total debt service on all bonds
23 of two hundred four million five hundred thirty two thousand nine hundred twenty dollars
24 (\$204,532,920) as specified in (1) above for bonds issued for the Sakonnet River Bridge, such
25 debt service payments to be made from the Motor Fuel Tax Allocation, as hereinafter defined, or
26 such other revenue source as the Rhode Island General Assembly shall designate from time to
27 time for the construction, design, maintenance, completion, finance costs, including, but not
28 limited to, costs of issuance, credit enhancement, legal counsel and underwriter fees and expenses
29 and other costs associated with the Sakonnet River Bridge.

30 (2) For the Washington Bridge: the issuance of an amount not to exceed \$75,845,000 in
31 GARVEE Bonds, the repayment of which shall be wholly derived from and supported by FHWA
32 funds due the State of Rhode Island; and total debt service on all bonds of one hundred eighteen
33 million four hundred twenty two thousand five hundred dollars (\$118,422,500); and be it further

34 RESOLVED, That no other changes in allocation or expenditure are authorized beyond

- 1 the amendments included in this Joint Resolution, and that no additional GARVEE bond issuance
- 2 is required beyond the limits specified in Chapter 376, Article 36, Sections 8 and 9 of the Rhode
- 3 Island Public Laws of 2003.
- 4 SECTION 6. This article shall take effect upon passage.