

2012 -- S 2873

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

JOINT RESOLUTION

APPROVING THE ISSUANCE OF HARBOR, PIER, AND PORT REVENUE BONDS BY THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION FOR PURPOSES OF FINANCING IMPROVEMENTS IN AND AROUND THE PORT OF DAVISVILLE

Introduced By: Senator William A. Walaska

Date Introduced: April 12, 2012

Referred To: Senate Finance

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

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

12 WHEREAS, The act further declares it to be the public policy of the state to encourage
13 the expansion and development of the state's harbors and ports and to foster and improve the
14 handling of waterborne commerce from and to any port of this state and other states and foreign
15 countries; and

16 WHEREAS, In furtherance of these goals, it is the policy of the state to retain existing
17 industries and to induce, encourage, and attract new industries through the acquisition,
18 construction, reconstruction, and rehabilitation of industrial, manufacturing, recreational, and
19 commercial facilities, as well as transportation, harbors and ports, residential, environmental,

1 utility, public service, institutional, and civic and community facilities, and to develop sites for
2 such facilities; and

3 WHEREAS, The act has empowered the Rhode Island economic development
4 corporation to establish subsidiary corporations to exercise its powers and functions, or any of
5 them; and

6 WHEREAS, The general assembly, pursuant to Rhode Island general laws §§ 42-64.10-1
7 et seq. (as enacted, reenacted and amended, the "QDC Act") created the Quonset development
8 corporation as a subsidiary of the Rhode Island economic development corporation; and

9 WHEREAS, The QDC Act provides that the Quonset development corporation shall have
10 the power 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 therein, wherever situated,
12 including those certain transportation, harbor, pier, and waterfront facilities located at the
13 Quonset business park; and

14 WHEREAS, The QDC Act also provides that the Quonset development corporation shall
15 have the power to sell, mortgage, lease, exchange, transfer, or otherwise dispose of or encumber
16 any project (or in the case of a sale, to accept a purchase money mortgage in connection
17 therewith), or to grant options for any such purposes with respect to any real or personal property
18 or interest therein, as the lawful agent and attorney-in-fact of the Rhode Island economic
19 development corporation with respect to all property of the Rhode Island economic development
20 corporation at the Quonset business park, all of the foregoing for such consideration as the
21 Quonset development corporation shall determine. Any lease by the Quonset development
22 corporation to another party may be for such part of the Quonset business park, real or personal,
23 for such period, upon such terms or conditions, with or without an option on the part of the lessee
24 to purchase any or all of the leased property for such consideration, at or after the retirement of all
25 indebtedness incurred by the Quonset development corporation on account thereof, as the
26 Quonset development corporation shall determine; and

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

29 WHEREAS, Pursuant to §§ 35-18-3 and 35-18-4 of Rhode Island general laws, the
30 Rhode Island economic development corporation has requested the approval of the general
31 assembly of the Rhode Island economic development corporation's issuance of harbor, pier, and
32 port revenue bonds (the "bonds") for the purpose of providing funds to the Quonset development
33 corporation for financing capital projects including harbor, pier, port, channel dredging, and all
34 other costs related to the improvements necessary in the immediate vicinity of the Davisville

1 piers at the Quonset business park (the "2012 Davisville piers project"), including funding,
2 capitalized interest, costs of issuing the Bonds, and related costs, and the establishment of
3 reserves for the project and the bonds, including a debt service reserve fund; and

4 WHEREAS, The financing of the 2012 Davisville piers project and repayment of the
5 bonds will be accomplished through one or more loan agreements having the Quonset
6 development corporation as borrower, such agreement or agreements to require that the Quonset
7 development corporation make loan payments in an amount equal to the debt service on the
8 bonds; now, therefore, be it

9 RESOLVED, The general assembly hereby approves the Rhode Island economic
10 development corporation's issuance of the bonds. The bonds will be special obligations of the
11 Rhode Island economic development corporation payable exclusively from loan repayments
12 under a loan agreement with the Quonset development corporation and from bond proceeds,
13 funds, accounts, and properties and the proceeds thereof pledged therefor, and thus the Rhode
14 Island economic development corporation's maximum liability will be limited to loan repayments
15 received under the loan agreement and the aggregate amount of such other funds, accounts,
16 properties, and proceeds; and be it further

17 RESOLVED, That the total amount of debt approved to be issued in the aggregate shall
18 be not more than \$7.5 million. Total debt service on the bonds is not expected to exceed
19 \$911,200 annually and \$9,112,000 in the aggregate, based on an average interest rate of 4.0
20 percent and a 10-year maturity; and be it further

21 RESOLVED, That the general assembly hereby approves the Quonset development
22 corporation's entering into the loan agreements described above. Payments under the loan
23 agreements shall be derived exclusively from project revenues and such other proceeds, funds,
24 accounts, projects, and the proceeds thereof as the Quonset development corporation may pledge
25 therefor; and be it further

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

29 RESOLVED, That this resolution shall apply to bonds issued within one (1) year of the
30 date of passage of this resolution; and be it further

31 RESOLVED, That this joint resolution shall take effect immediately upon its passage by
32 this general assembly.

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