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ARTICLE 20 SUBSTITUTE A

RELATING TO MUNICIPAL ROAD AND BRIDGE REVOLVING FUND

SECTION 1. Title 24 of the General Laws entitled "HIGHWAYS" is hereby amended by adding thereto the following chapter:

CHAPTER 18

MUNICIPAL ROAD AND BRIDGE REVOLVING FUND

24-18-1. Short title. -- This act shall be known and may be cited as the "Municipal Road and Bridge Revolving Fund Act of 2013."

24-18-2. Legislative findings. -- The general assembly finds and declares that:

(1) Transportation plays a critical role in enabling economic activity in the state of Rhode Island;

(2) Cities and towns can lower the costs of borrowing for road and bridge projects through cooperation with the Rhode Island Clean Water Finance Agency;

(3) The Clean Water and Drinking Water Fund programs administered by the Rhode Island Clean Water Finance Agency benefit from the highest bond rating of any public entity in the state of Rhode Island; and

(4) Greater coordination among cities and towns will enable more efficient allocation of infrastructure resources by the state of Rhode Island.

24-18-3. Definitions. -- As used in this chapter, the following terms, unless the context requires a different interpretation, shall have the following meanings:

(1) "Agency" means the Rhode Island clean water finance agency as set forth in chapter 46-12.2;

(2) "Annual construction plan" means the finalized list of approved projects to commence construction each calendar year;

(3) "Approved project" means any project approved by the agency for financial assistance;

(4) "Department" means the department of transportation, or, if the department shall be abolished, the board, body, or commission succeeding to the principal functions thereof or upon whom the powers given by chapter 5 of title 37 to the department shall be given by law.

(5) "Eligible project" means an infrastructure plan, or portion of an infrastructure plan,

1 that meets the project evaluation criteria;

2 (6) "Financial assistance" means any form of financial assistance other than grants
3 provided by the agency to a city or town in accordance with this chapter for all or any part of the
4 cost of an approved project, including, without limitation, temporary and permanent loans, with
5 or without interest, guarantees, insurance, subsidies for the payment of debt service on loans,
6 lines of credit, and similar forms of financial assistance;

7 (7) "Infrastructure plan" means a project proposed by a city or town that would make
8 capital improvements to roads, bridges and appurtenances thereto consistent with project
9 evaluation criteria;

10 (8) "Market rate" means the rate the city or town would receive in the open market at the
11 time of the original loan agreement as determined by the agency in accordance with its rules and
12 regulations;

13 (9) "Project evaluation criteria" means the criteria used by the department to evaluate
14 infrastructure plans and rank eligible projects and shall include the extent to which the project
15 generates economic benefits, the extent to which the project would be able to proceed at an earlier
16 date, the likelihood that the project would provide mobility benefits, the cost effectiveness of the
17 project, the likelihood that the project would increase safety, and the project's readiness to
18 proceed within the forthcoming calendar year;

19 (10) "Project priority list" means the list of eligible projects ranked in the order in which
20 financial assistance shall be awarded by the agency pursuant to section 7 of this chapter;

21 (11) "Revolving fund" means the municipal road and bridge revolving fund established
22 under section 4 of this chapter; and

23 (12) "Subsidy assistance" means credit enhancements and other measures to reduce the
24 borrowing costs for a city or town.

25 **24-18-4. Establishment of the municipal road and bridge revolving fund. -- (a) There**
26 **is hereby established a municipal road and bridge revolving fund. The agency shall establish and**
27 **set up on its books the revolving fund, to be held in trust and to be administered by the agency**
28 **solely as provided in this chapter and in any trust agreement securing bonds of the agency. The**
29 **agency shall deposit the following monies into the fund:**

30 (1) Amounts appropriated or designated to the agency by the state for the purposes of this
31 chapter;

32 (2) Loan repayments and other payments received by the agency pursuant to loan
33 agreements with cities and towns executed in accordance with this chapter;

34 (3) Investment earnings on amounts credited to the fund;

1 (4) Proceeds of bonds of the agency to the extent required by any trust agreement for
2 such bonds;

3 (5) Administrative fees levied by the agency;

4 (6) Other amounts required by provisions of this chapter or agreement, or any other law
5 or any trust agreement pertaining to bonds to be credited to the revolving fund; and

6 (7) Any other funds permitted by law which the agency in its discretion shall determine
7 to credit thereto.

8 (b) The agency shall establish and maintain fiscal controls and accounting procedures
9 conforming to generally accepted government accounting standards sufficient to ensure proper
10 accounting for receipts in and disbursements from the revolving fund.

11 **24-18-5. Administration.** -- (a) The agency shall have all the powers necessary and
12 convenient to carry out and effectuate the purposes and provisions of this chapter including,
13 without limiting the generality of the preceding statement, the authority:

14 (1) To receive and disburse such funds from the state as may be available for the purpose
15 of the revolving fund subject to the provisions of this chapter;

16 (2) To make and enter into binding commitments to provide financial assistance to local
17 cities and towns from amounts on deposit in the revolving fund;

18 (3) To enter into binding commitments to provide subsidy assistance for loans and city
19 and town obligations from amounts on deposit in the revolving fund;

20 (4) To levy administrative fees on cities and towns as necessary to effectuate the
21 provisions of this chapter, provided the fees have been previously authorized by an agreement
22 between the agency and the city or town;

23 (5) To engage the services of third-party vendors to provide professional services; and

24 (6) To establish one or more accounts within the revolving fund; and

25 (7) Such other authority as granted to the agency under chapter 46-12.2.

26 (b) Subject to the provisions of this chapter, to the provisions of any agreement with the
27 state authorized by section 24-18-6, and to any agreements with the holders of any bonds of the
28 agency or any trustee therefor, amounts held by the agency for the account of the revolving fund
29 shall be applied by the agency, either by direct expenditure, disbursement, or transfer to one or
30 more other funds and accounts held by the agency or maintained under any trust agreement
31 pertaining to bonds, either alone or with other funds of the agency, to the following purposes:

32 (1) To provide financial assistance to cities and towns to finance costs of approved
33 projects, and to refinance the costs of the projects, subject to such terms and conditions, if any, as
34 are determined by the department and/or the agency in accordance with section 24-18-7;

1 (2) To fund reserves for bonds of the agency and to purchase insurance and pay the
2 premiums therefor, and pay fees and expenses of letters or lines of credit and costs of
3 reimbursement to the issuers thereof for any payments made thereon or on any insurance, and to
4 otherwise provide security for, and a source of payment for obligations of the agency, by pledge,
5 lien, assignment, or otherwise as provided in chapter 46-12.2;

6 (3) To pay expenses of the agency and the department in administering the revolving
7 fund. As part of the annual appropriations bill, the department shall set forth the gross amount of
8 expenses received from the agency and a complete, specific breakdown of the sums retained
9 and/or expended for administrative expenses;

10 (4) To pay or provide for subsidy assistance equivalent to one third (1/3) of the market
11 rate or such other subsidy assistance as determined by the agency;

12 (5) To provide a reserve for, or to otherwise secure, amounts payable by cities and towns
13 on loans and city and town obligations outstanding in the event of default thereof; amounts in any
14 account in the revolving fund may be applied to defaults on loans outstanding to the city or town
15 for which the account was established and, on a parity basis with all other accounts, to defaults on
16 any loans or city or town obligations outstanding; and

17 (6) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
18 otherwise as provided in chapter 46-12.2, any bonds of the agency.

19 (c) In addition to other remedies of the agency under any loan agreement or otherwise
20 provided by law, the agency may also recover from a city or town, in an action in superior court,
21 any amount due the agency together with any other actual damages the agency shall have
22 sustained from the failure or refusal of the city or town to make the payments or abide by the
23 terms of the loan agreement.

24 (d) Within ninety (90) days after the end of each fiscal year, the agency shall submit an
25 annual report to the governor, the speaker of the house of representatives, the president of the
26 senate, and the secretary of state of its activities during that fiscal year. The report shall provide: a
27 summary of the agency's meetings including when the agency met, subjects addressed, decisions
28 rendered and meeting minutes; a summary of the agency's actions including a listing of rules,
29 regulations, or procedures adopted or amended, applications received for financial assistance for
30 contracts or agreements entered into, applications and intended use plans submitted to federal
31 agencies for capitalization grants, properties acquired or leased, and bonds issued; a synopsis of
32 any complaints, suspensions, or other legal matters related to the authority of the agency; a
33 consolidated financial statement of all funds received and disbursed by the agency including the
34 source of and recipient of the funds which shall be audited by an independent certified public

1 accountant firm; copies of audits or reports required under federal law; a listing of the staff and/or
2 consultants employed by the agency; a listing of findings and recommendation derived from
3 agency activities; and a summary of performance during the previous fiscal year including
4 accomplishments, shortcomings and remedies. The report shall be posted as prescribed in § 42-
5 20-8.2. The director of the department of administration shall be responsible for the enforcement
6 of this provision. The initial report shall be due no later than January 1, 2015.

7 **24-18-6. Payment of state funds.** -- (a) Subject to the provisions of subsection (b), upon
8 the written request of the agency, the general treasurer shall pay to the agency, from time to time,
9 from the proceeds of any bonds or notes issued by the state for the purposes of this chapter or
10 funds otherwise lawfully payable to the agency for the purposes of this chapter, such amounts as
11 shall have been appropriated or lawfully designated for the revolving fund. All amounts so paid
12 shall be credited to the revolving fund in addition to any other amounts credited or expected to be
13 credited to the revolving fund.

14 (b) The agency and the state shall enter into, execute, and deliver one or more agreements
15 setting forth or otherwise determining the terms, conditions, and procedures for, and the amount,
16 time, and manner of payment of, all amounts available from the state to the agency under this
17 section.

18 **24-18-7. Procedure for project approval.** -- (a) By September 1, 2013, the department
19 shall promulgate rules and regulations establishing the project evaluation criteria and the process
20 through which a city or town may submit an infrastructure plan. By December 31, 2013, the
21 agency shall promulgate rules and regulations to effectuate the provisions of this chapter which
22 may include, without limitation, forms for financial assistance applications, loan agreements, and
23 other instruments. All rules and regulations promulgated pursuant to this chapter shall be
24 promulgated in accordance with the provisions of chapter 42-35.

25 (b) Beginning with the calendar year 2013 and for each calendar year thereafter, cities
26 and towns shall have from September 15th through October 15th to submit an infrastructure plan to
27 the department. In the event that October 15th is a Saturday, Sunday, or a general holiday as
28 enumerated in section 25-1-1, the deadline shall be extended through the next day that is not a
29 Saturday, Sunday, or a general holiday as enumerated in section 25-1-1.

30 (c) By the end of each calendar year, the department shall evaluate all submitted
31 infrastructure plans and, in accordance with the project evaluation criteria, identify all eligible
32 projects, and after a public hearing, the department shall finalize and provide the agency and
33 statewide planning with a project priority list for the forthcoming calendar year.

34 (d) By the end of each calendar year, the agency shall determine the maximum amount of

1 financial assistance available for the forthcoming calendar year, provided that it shall not exceed
2 an amount of twenty million dollars (\$20,000,000); and provided further that the agency shall not
3 obligate more than fifty percent (50%) of available funding in any calendar year to any one city
4 or town unless there are no other eligible projects on the project priority list.

5 (e) Upon issuance of the project priority list, the agency shall award financial assistance
6 to cities and towns for approved projects provided, however, that the agency does not exceed its
7 maximum annual amount of financial assistance. The agency may decline to award financial
8 assistance to an approved project which the agency determines will have a substantial adverse
9 effect on the interests of holders of bonds or other indebtedness of the agency or the interests of
10 other participants in the financial assistance program, or for good and sufficient cause affecting
11 the finances of the agency. All financial assistance shall be made pursuant to a loan agreement
12 between the agency and the city or town, acting by and through the officer or officers, board,
13 committee, or other body authorized by law, or otherwise its chief executive officer, according to
14 terms and conditions as determined by the agency, and each loan shall be evidenced and secured
15 by the issue to the agency of city or town obligations in fully marketable form in principal
16 amount, bearing interest at the rate or rates specified in the applicable loan agreement, and shall
17 otherwise bear such terms and conditions as authorized by this chapter and/or the loan agreement.

18 **24-18-8. Inspection of approved projects. --** For any approved project, the department
19 shall have the authority to inspect the construction and operation thereof to ensure compliance
20 with the provisions of this chapter.

21 **24-18-9. Expenses incurred by the department. --** In order to provide for the expenses
22 of the department under this chapter, the agency shall transfer to the department an amount from
23 the revolving fund equal to the amount authorized by the general assembly.

24 **24-18-10. Severability. --** If any provision of this chapter or the application of this
25 chapter to any person or circumstances is held invalid, the invalidity shall not affect other
26 provisions or applications of the chapter, which can be given effect without the invalid provision
27 or application, and to this end the provisions of this chapter are declared to be severable.

28 SECTION 1. Sections 46-12.2-4, 46-12.2-14, 46-12.2-15, 46-12.2-16, 46-12.2-17, 46-
29 12.2-18, 46-12.2-19, 46-12.2-20, 46-12.2-21, 46-12.2-22 and 46-12.2-25 of the General Laws in
30 Chapter 46-12.2 entitled "Rhode Island Clean Water Finance Agency" are hereby amended to
31 read as follows:

32 **46-12.2-4. General powers and duties of agency. --** (a) The agency shall have all
33 powers necessary or convenient to carry out and effectuate the purposes and provisions of this
34 chapter and chapter 24-18, including without limiting the generality of the foregoing, the powers

1 and duties:

2 (1) To adopt and amend bylaws, rules, regulations, and procedures for the governance of
3 its affairs, the administration of its financial assistance programs, and the conduct of its business;

4 (2) To adopt an official seal;

5 (3) To maintain an office at such place or places as it may determine;

6 (4) To adopt a fiscal year;

7 (5) To adopt and enforce procedures and regulations in connection with the performance
8 of its functions and duties;

9 (6) To sue and be sued;

10 (7) To employ personnel as provided in § 46-12.2-5, and to engage accounting,
11 management, legal, financial, consulting and other professional services;

12 (8) Except as provided in this chapter, to receive and apply its revenues to the purposes of
13 this chapter without appropriation or allotment by the state or any political subdivision thereof;

14 (9) To borrow money, issue bonds, and apply the proceeds thereof, as provided in this
15 chapter [and chapter 24-18](#), and to pledge or assign or create security interests in revenues, funds,
16 and other property of the agency and otherwise as provided in this chapter [and chapter 24-18](#), to
17 pay or secure the bonds; and to invest any funds held in reserves or in the water pollution control
18 revolving fund, the Rhode Island water pollution control revolving fund, [the municipal road and](#)
19 [bridge fund established under chapter 24-18](#), or the local interest subsidy trust fund, or any
20 revenues or funds not required for immediate disbursement, in such investments as may be legal
21 investments for funds of the state;

22 (10) To obtain insurance and to enter into agreements of indemnification necessary or
23 convenient to the exercise of its powers under this chapter [and chapter 24-18](#);

24 (11) To apply for, receive, administer, and comply with the conditions and requirements
25 respecting any grant, gift, or appropriation of property, services, or moneys;

26 (12) To enter into contracts, arrangements, and agreements with other persons, and
27 execute and deliver all instruments necessary or convenient to the exercise of its powers under
28 this chapter [and chapter 24-18](#); such contracts and agreements may include without limitation,
29 loan agreements with local governmental units, capitalization grant agreements, intended use
30 plans, operating plans, and other agreements and instruments contemplated by title VI of the
31 Clean Water Act, 33 U.S.C. § 1381 et seq., or this chapter, [agreement and instruments](#)
32 [contemplated by chapter 24-18](#), grant agreements, contracts for financial assistance or other forms
33 of assistance from the state or the United States, and trust agreements and other financing
34 agreements and instruments pertaining to bonds;

1 (13) To authorize a representative to appear on its own behalf before other public bodies,
2 including, without limiting the generality of the foregoing, the congress of the United States, in
3 all matters relating to its powers and purposes;

4 (14) To provide financial assistance to local governmental units to finance costs of
5 approved projects, and to acquire and hold local governmental obligations at such prices and in
6 such manner as the agency shall deem advisable, and sell local governmental obligations acquired
7 or held by it at prices without relation to cost and in such manner as the agency shall deem
8 advisable, and to secure its own bonds with such obligations all as provided in this chapter [and](#)
9 [chapter 24-18](#);

10 (15) To establish and collect such fees and charges as the agency shall determine to be
11 reasonable;

12 (16) To acquire, own, lease as tenant, or hold real, personal or mixed property or any
13 interest therein for its own use; and to improve, rehabilitate, sell, assign, exchange, lease as
14 landlord, mortgage, or otherwise dispose of or encumber the same;

15 (17) To do all things necessary, convenient, or desirable for carrying out the purposes of
16 this chapter [and chapter 24-18](#) or the powers expressly granted or necessarily implied by this
17 chapter [and chapter 24-18](#);

18 (18) To conduct a training course for newly appointed and qualified members and new
19 designees of ex-officio members within six (6) months of their qualification or designation. The
20 course shall be developed by the executive director, approved by the board of directors, and
21 conducted by the executive director. The board of directors may approve the use of any board of
22 directors or staff members or other individuals to assist with training. The training course shall
23 include instruction in the following areas: the provisions of chapters 46-12.2, 42-46, 36-14, and
24 38-2; and the agency's rules and regulations. The director of the department of administration
25 shall, within ninety (90) days of the effective date of this act [July 15, 2005], prepare and
26 disseminate, training materials relating to the provisions of chapters 42-46, 36-14 and 38-2; and

27 (19) Upon the dissolution of the water resources board (corporate) pursuant to § 46-15.1-
28 22, to have all the powers and duties previously vested with the water resources board
29 (corporate), as provided pursuant to chapter 46-15.1.

30 (20) To meet at the call of the chair at least eight (8) times per year. All meetings shall be
31 held consistent with chapters 42-46.

32 (b) Notwithstanding any other provision of this chapter, the agency shall not be
33 authorized or empowered:

34 (1) To be or to constitute a bank or trust company within the jurisdiction or under the

1 control of the department of banking and insurance of the state, or the commissioner thereof, the
2 comptroller of the currency of the United States of America, or the Treasury Department thereof;
3 or

4 (2) To be or constitute a bank, banker or dealer in securities within the meaning of, or
5 subject to the provisions of, any securities, securities exchange, or securities dealers' law of the
6 United States or the state.

7 **46-12.2-14. Bonds of the agency.** -- (a) The agency may provide by resolution of the
8 board of directors for the issuance, from time to time, of bonds of the agency for any of its
9 corporate purposes, [including those set forth in chapter 24-18](#), or for the borrowing of money in
10 anticipation of the issuance of the bonds. Bonds issued by the agency may be issued as general
11 obligations of the agency or as special obligations payable solely from particular revenues or
12 funds as may be provided for in any trust agreement or other agreement securing bonds. The
13 agency may also provide by resolution of the board of directors for the issuance, from time to
14 time, of temporary notes in anticipation of the revenues to be collected or received by the agency,
15 including, without limitation, in anticipation of any payments to the agency from the state
16 pursuant to section 46-12.2-7, or in anticipation of the receipt of other grants or aid. The issue of
17 notes shall be governed by the provisions of this chapter [and chapter 24-18, as applicable](#),
18 relating to the issue of bonds of the agency other than temporary notes as ~~this chapter~~ [these](#)
19 [chapters](#) may be applicable; provided, however, that notes issued in anticipation of revenues shall
20 mature no later than one year from their respective dates, or the date of expected receipt of the
21 revenues, if later, and notes issued in anticipation of grants, or other aid and renewals thereof,
22 shall mature no later than six (6) months after the expected date of receipt of the grant or aid.

23 (b) The bonds of each issue shall be dated, may bear interest at such rate or rates,
24 including rates variable from time to time as determined by such index, banker's loan rate, or
25 other method determined by the agency, and shall mature or otherwise be payable at such time or
26 times, as may be determined by the agency, and may be made redeemable before maturity at the
27 option of the agency or the holder thereof at such price or prices and under such terms and
28 conditions as may be fixed by the agency. The agency shall determine the form of bonds, and the
29 manner of execution of the bonds, and shall fix the denomination or denominations of the bonds,
30 and the place or places of payment of principal, redemption premium, if any, and interest, which
31 may be paid at any bank or trust company within or without the state. In case any officer whose
32 signature or a facsimile of whose signature shall appear on any bonds shall cease to be the officer
33 before the delivery thereof, the signature or facsimile shall nevertheless be valid and sufficient for
34 all purposes as if the officer had remained in office until delivery. The agency may provide for

1 authentication of bonds by a trustee, fiscal agent, registrar, or transfer agency. Bonds may be
2 issued in bearer or in registered form, or both, and, if notes, may be made payable to the bearer or
3 to order, as the agency may determine. The agency may also establish and maintain a system of
4 registration for any bonds whereby the name of the registered owner, the rights evidenced by the
5 bonds, the transfer of the bonds, and the rights and other similar matters, are recorded in books or
6 other records maintained by or on behalf of the agency, and no instrument evidencing the bond or
7 rights need be delivered to the registered owner by the agency. A copy of the books or other
8 records of the agency pertaining to any bond registered under a registration system certified by an
9 authorized officer of the agency or by the agent of the agency maintaining the system shall be
10 admissible in any proceeding without further authentication. The board of directors may by
11 resolution delegate to any member or officer of the agency, or any combination thereof, the
12 power to determine any of the matters set forth in this section. In the discretion of the agency,
13 bonds of the agency may be issued with such terms as will cause the interest thereon to be subject
14 to federal income taxation. The agency may sell its bonds in such manner, either at public or
15 private sale, for the price, at the rate or rates of interest, or at discount in lieu of interest, as it may
16 determine will best effect the purposes of this chapter [or chapter 24-18, as applicable](#).

17 (c) The agency may issue interim receipts or temporary bonds, exchangeable for
18 definitive bonds, when the bonds shall have been executed and are available for delivery. The
19 agency may also provide for the replacement of any bonds which shall have become mutilated or
20 shall have been destroyed or lost. The agency, by itself or through such agency as it may select,
21 may purchase and invite offers to tender for purchase any bonds of the agency at any time
22 outstanding; provided, however, that no purchase by the agency shall be made at a price,
23 exclusive of accrued interest, if any, exceeding the principal amount thereof or, if greater, the
24 redemption price of the bonds when next redeemable at the option of the agency, and may resell
25 any bonds so purchased in such manner and for such price as it may determine will best effect the
26 purposes of this chapter [or chapter 24-18, as applicable](#).

27 (d) In the discretion of the board of directors, any bonds issued under this section may be
28 secured by a trust agreement in such form and executed in such manner as may be determined by
29 the board of directors, between the agency and the purchasers or holders of the bonds, or between
30 the agency and a corporate trustee which may be any trust company or bank having the powers of
31 a trust company within or without the state. The trust agreement may pledge or assign, in whole
32 or in part, any loan agreements and local governmental obligations, and the revenues, funds, and
33 other assets or property held or to be received by the agency, including without limitation all
34 moneys and investments on deposit from time to time in the water pollution control revolving

1 fund, the Rhode Island water pollution control revolving fund, and the local interest subsidy trust
2 fund, [or the municipal road and bridge revolving fund, as applicable](#), and any contract or other
3 rights to receive the same, whether then existing or thereafter coming into existence and whether
4 then held or thereafter acquired by the agency, and the proceeds thereof. The trust agreement may
5 contain such provisions for protecting and enforcing the rights, security, and remedies of the
6 bondholders as may be reasonable and proper including, without limiting the generality of the
7 foregoing, provisions defining defaults and providing for remedies in the event thereof which
8 may include the acceleration of maturities, restrictions on the individual right of action by
9 bondholders, and covenants setting forth the duties of and limitations on the agency in relation to
10 the custody, safeguarding, investment, and application of moneys, the enforcement of loan
11 agreements and local governmental obligations, the issue of additional or refunding bonds, the
12 fixing, revision, charging, and collection of charges, the use of any surplus bond proceeds, the
13 establishment of reserves, and the making and amending of contracts.

14 (e) In the discretion of the board of directors, any bonds issued under authority of this
15 chapter [or chapter 24-18](#) may be issued by the agency in the form of lines of credit or other
16 banking arrangements under terms and conditions, not inconsistent with this chapter [or chapter](#)
17 [24-18](#), and under such agreements with the purchasers or makers thereof or any agent or other
18 representative of such purchasers or makers, as the board of directors may determine to be in the
19 best interests of the agency. In addition to other security provided herein or otherwise by law,
20 bonds issued by the agency under any provision of this chapter [or chapter 24-18](#) may be secured,
21 in whole or in part, by financial guarantees, by insurance, or by letters or lines of credit issued to
22 the agency or a trustee or any other person, by any bank, trust company, insurance or surety
23 company, or other financial institution, within or without the state, and the agency may pledge or
24 assign, in whole or in part, any loan agreements and local governmental obligations, and the
25 revenues, funds, and other assets and property held or to be received by the agency, and any
26 contract or other rights to receive the same, whether then existing or thereafter coming into
27 existence and whether then held or thereafter acquired by the agency, and the proceeds thereof, as
28 security for the guarantees or insurance or for the reimbursement by the agency to any issuer of
29 the line or letter of credit.

30 (f) It shall be lawful for any bank or trust company to act as a depository or trustee of the
31 proceeds of bonds, revenues, or other moneys under a trust agreement of the agency, and to
32 furnish indemnification and to provide security as may be required by the agency. It is hereby
33 declared that any pledge or assignment made by the agency under this chapter [or chapter 24-18](#) is
34 an exercise of the governmental powers of the agency, and loan agreements, local governmental

1 obligations, revenues, funds, assets, property, and contract or other rights to receive the same and
2 the proceeds thereof, which are subject to the lien of a pledge or assignment created under this
3 chapter [or chapter 24-18](#), shall not be applied to any purposes not permitted by the pledge or
4 assignment.

5 (g) Any holder of a bond issued by the agency under the provisions of this chapter [or](#)
6 [chapter 24-18](#) and any trustee or other representative under a trust agreement securing the trustee
7 or representative, except to the extent the rights herein given may be restricted by the trust
8 agreement, may bring suit upon the bonds in the superior court and may, either at law or in
9 equity, by suit, action, mandamus, or other proceeding for legal or equitable relief, protect and
10 enforce any and all rights under the laws of the state or granted hereunder or under the trust
11 agreement, and may enforce and compel performance of all duties required by this chapter,
12 [chapter 24-18](#), or by the trust agreement, to be performed by the agency or by any officer thereof.

13 **46-12.2-15. Refunding bonds.** -- The agency may issue refunding bonds for the purpose
14 of paying any of its bonds, issued pursuant to this chapter [or chapter 24-18](#), at or prior to maturity
15 or upon acceleration or redemption or purchase and retirement. Refunding bonds may be issued at
16 such times at or prior to the maturity, redemption, or purchase and retirement of the refunded
17 bonds as the board of directors deems to be in the interest of the agency. Refunding bonds may be
18 issued in sufficient amounts to pay or provide for payment of the principal of the bonds being
19 refunded, together with any redemption premium thereon, any interest or discount accrued or to
20 accrue to the date of payment of the bonds, the costs of issuance of the refunding bonds, the
21 expenses of paying, redeeming, or purchasing the bonds being refunded, the costs of holding and
22 investing proceeds of refunding bonds pending payment, redemption, or purchase and reserves
23 for debt service or other expenses from the proceeds of refunding bonds as may be required by a
24 trust agreement securing the bonds. Pending application, the proceeds of the refunding bonds may
25 be placed in escrow. The issue and sale of refunding bonds, the maturities, and other details
26 thereof, the security therefor, the rights of the holders thereof, and the rights, duties, and
27 obligations of the agency in respect of the same shall be governed by the provisions of this
28 chapter [and chapter 24-18, as applicable](#), relating to the issue of bonds other than refunding bonds
29 insofar as ~~this chapter~~ [these chapters](#) may be applicable.

30 **46-12.2-16. Bonds eligible for investment.** -- Bonds issued by the agency under this
31 chapter [or chapter 24-18](#) and local governmental obligations issued hereunder are hereby made
32 securities in which all public officers and agencies of the state and its political subdivisions, all
33 insurance companies, trust companies in their commercial departments, savings banks,
34 cooperative banks, banking associations, investment companies, executors, administrators,

1 trustees, and other fiduciaries may properly invest funds, including capital in their control or
2 belonging to them. The bonds and local governmental obligations are hereby made securities
3 which may properly be deposited with and received by any state or municipal officer of any
4 agency or political subdivision of the state for any purpose for which the deposit of bonds or
5 obligations of the state or any political subdivision is now or may hereafter be authorized by law.

6 **46-12.2-17. No additional consent required.** -- Except as provided in this section, bonds
7 and local governmental obligations may be issued under this chapter [or chapter 24-18](#) without
8 obtaining the consent of any executive office, department, division, commission, board, bureau,
9 or agency of the state or any political subdivision thereof, and without any other proceedings or
10 the happening of any condition, or acts other than those proceedings, conditions, or acts which are
11 specifically required therefor hereunder or under any applicable bond act, and the validity of and
12 security for any bonds issued by the agency pursuant to this chapter [or chapter 24-18](#), and any
13 local governmental obligations issued in accordance herewith, shall not be affected by the
14 existence or nonexistence of any consent or other proceedings, conditions, or acts. Nothing in this
15 chapter [or chapter 24-18](#) shall exempt the agency from the provisions of chapter 10.1 of title 42
16 entitled "Public Finance Management Board," and the Narragansett Bay water quality
17 management district commission shall not issue any bonds, notes, or other indebtedness without
18 the approval of the division of public utilities as required by section 39-3-15.

19 **46-12.2-18. Bonds not obligations of the state.** -- Bonds issued by the agency under the
20 provisions of this chapter [or chapter 24-18](#) shall not be deemed to be a debt or a pledge of the
21 faith and credit of the state or of any of its political subdivisions, but shall be payable solely from
22 the revenues, funds, assets, and other property of the agency from which they are made payable
23 pursuant to this chapter [or chapter 24-18](#). Bonds issued by the agency under the provisions of this
24 chapter [and chapter 24-18](#) shall recite that neither the state nor any political subdivisions thereof
25 shall be obligated to pay the bonds, and that neither the faith and credit nor the taxing power of
26 the state or of any political subdivision thereof is pledged to the payment of the principal or
27 interest on the bonds. Further, every bond shall recite whether it is a general obligation of the
28 agency, or a special obligation thereof payable solely from particular revenues, funds, assets, or
29 other property pledged to its payment.

30 **46-12.2-19. Lien status -- Recording.** -- (a) Notwithstanding any provision of any other
31 law, including the Uniform Commercial Code:

32 (1) Any pledge or assignment of revenues of any kind, funds, loan agreements, local
33 governmental obligations, property, or assets made pursuant to the provisions of this chapter [or](#)
34 [chapter 24-18](#) by the agency, or any local governmental unit hereunder, shall be valid and binding

1 against all parties having claims of any kind in tort, contract, or otherwise, whether or not the
2 parties have notice thereof, and shall be deemed continuously perfected from the time it is made;

3 (2) No filing of any kind with respect to a pledge or assignment need be made under the
4 Uniform Commercial Code, as amended, or otherwise;

5 (3) Unless otherwise provided in the loan agreement, a pledge of revenues of any kind
6 shall be deemed to include a pledge of any accounts or general intangibles from which the
7 pledged revenues are derived, whether existing at the time of the pledge or thereafter coming into
8 existence, and whether held at the time of the pledge or thereafter acquired by the agency or local
9 governmental unit, and the proceeds of the accounts or general intangibles; and

10 (4) The pledge of revenues of any kind, accounts, and general intangibles shall be
11 subject to the lien of the pledge without delivery or segregation, and the lien of the pledge shall
12 be valid and binding against all parties having claims of contract or tort or otherwise against the
13 agency or local governmental unit.

14 (b) A pledge of revenues of any kind under this chapter [or chapter 24-18](#) shall constitute
15 a sufficient appropriation thereof for the purposes of any provision for appropriation, and the
16 revenues may be applied as required by the pledge without further appropriation.

17 (c) For the purposes of this section, the word "pledge" shall be construed to include the
18 grant of a security interest under the Uniform Commercial Code.

19 **46-12.2-20. Bonds and local government obligations as investment securities. --**
20 Notwithstanding any of the provisions of this chapter, [chapter 24-18](#), or any recitals in any bonds
21 or local governmental obligations issued hereunder, all bonds and local governmental obligations
22 shall be deemed to be investment securities under the Uniform Commercial Code.

23 **46-12.2-21. Proceeds received by agency as trust funds. --** All moneys received by the
24 agency pursuant to the provisions of this chapter [or chapter 24-18](#), whether as proceeds from the
25 issue of bonds or as revenues or otherwise, shall be deemed to be trust funds to be held and
26 applied solely as provided in ~~this chapter~~ [these chapters](#).

27 **46-12.2-22. Tax exemption. --** Bonds issued by the agency and local governmental
28 obligations issued by any local governmental unit in accordance with this chapter [or chapter 24-](#)
29 [18](#), their transfer and the income therefrom, including any profit made on the sale thereof, shall, at
30 all times, be exempt from taxation by and within the state. The agency shall not be required to
31 pay any taxes, assessments, or excises upon its income, existence, operation, or property.

32 **46-12.2-25. Supplemental powers -- Inconsistent laws. --** The provisions of this chapter
33 [and chapter 24-18](#) shall be deemed to provide an additional, alternative, and complete method for
34 accomplishing the purposes of ~~this chapter~~ [these chapters](#), and shall be deemed and construed to

1 be supplemental and additional to, and not in derogation of, powers conferred upon the agency,
2 the department, and local governmental units by other laws; provided, however, that insofar as
3 the provisions of ~~this chapter~~ [these chapters](#) are inconsistent with the provisions of any general or
4 special law, municipal charter, administrative order or regulations, the provisions of ~~this chapter~~
5 [these chapters](#) shall be controlling. Any amounts appropriated by ~~this chapter~~ [these chapters](#) to
6 the agency or the department shall be in addition to any other amounts appropriated to the agency
7 or the department by any other law.

8 SECTION 2. This article shall take effect upon passage.