

2013 -- H 5639

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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 - ECONOMIC DEVELOPMENT
CORPORATION

Introduced By: Representatives Lima, Lombardi, O'Brien, Craven, and Ruggiero

Date Introduced: February 27, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-64-15 of the General Laws in Chapter 42-64 entitled "Rhode
2 Island Economic Development Corporation" is hereby amended to read as follows:

3 **42-64-15. Bonds and notes of the corporation.** -- (a) The Rhode Island economic
4 development corporation shall have the power and is authorized to issue from time to time its
5 negotiable bonds and notes in one or more series in any principal amounts as in the opinion of the
6 corporation shall be necessary to provide sufficient funds for achieving its purposes, including the
7 payment of interest on bonds and notes of the corporation, the establishment of reserves to secure
8 those bonds and notes (including the reserve funds created pursuant to section 42-64-18), and the
9 making of all other expenditures of the corporation incident to and necessary or convenient to
10 carrying out its corporate purposes and powers.

11 (b) All bonds and notes issued by the corporation may be secured by the full faith and
12 credit of the corporation or may be payable solely out of the revenues and receipts derived from
13 the lease, mortgage, or sale by the corporation of its projects or of any part of its projects, or from
14 any other revenues or from repayment from any loans made by the corporation with regard to any
15 of its projects or any part of its projects, all as may be designated in the proceedings of the
16 corporation under which the bonds or notes shall be authorized to be issued. The bonds and notes
17 may be executed and delivered by the corporation at any time from time to time, may be in any
18 form and denominations and of any tenor and maturities, and may be in bearer form or in

1 registered form, as to principal and interest or as to principal alone, all as the corporation may
2 determine.

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

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

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

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

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

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

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

31 (j) The corporation is authorized to issue bonds or notes for the purpose of refunding its
32 bonds or notes then outstanding, including the payment of any redemption premium and any
33 interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or
34 maturity of the bonds or notes, and, if deemed advisable by the corporation, for the additional

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

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

29 (l) Bonds or notes may be issued under the provisions of this chapter without obtaining
30 the consent of any department, division, commission, board, body, bureau, or agency of the state,
31 and without any other proceedings or the happening of any conditions or things other than those
32 proceedings, conditions, or things which are specifically required by this chapter and by the
33 provisions of the resolution authorizing the issuance of bonds or notes or the trust agreement
34 securing them.

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

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

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

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

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

18 (p) Notwithstanding the provisions of this section, neither the corporation nor the general
19 assembly shall use and/or appropriate any moneys relating to the redemption and/or payment of
20 the principal of and/or the interest on any bonds, notes or other obligations of the corporation
21 pertaining to the 38 Studios loan unless and until the identity of all entities and/or purchases of
22 same shall be made public by the filing of a complete list with the finance committee of the house
23 of representatives.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - ECONOMIC DEVELOPMENT
CORPORATION

1 This act would prohibit both the economic development corporation and the general
2 assembly from using and/or appropriating any moneys for the redemption of any bonds, notes or
3 other financial obligations incurred as a result of moneys loaned to 38 Studios unless and until
4 any and all entities and/or purchases of same are publicly identified.

5 This act would take effect upon passage.

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