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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 HIGHWAYS -- MUNICIPAL ROAD AND BRIDGE REVOLVING FUND

Introduced By: Representatives Fox, Ackerman, Marshall, E Coderre, and Messier

Date Introduced: May 01, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 CHAPTER 18

4 MUNICIPAL ROAD AND BRIDGE REVOLVING FUND

5 **24-18-1. Short title.** -- This act shall be known and may be cited as the "Municipal Road  
6 and Bridge Revolving Fund Act of 2013."

7 **24-18-2. Legislative findings.** -- The general assembly finds and declares that:

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

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

12 (3) The Rhode Island Clean Water Finance Agency benefits from the highest bond rating  
13 of any public entity in the state of Rhode Island; and

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

16 **24-18-3. Definitions.** -- As used in this chapter, the following terms, unless the context  
17 requires a different interpretation, shall have the following meanings:

18 (1) "Agency" means the Rhode Island clean water finance agency as set forth in chapter  
19 46-12.2;

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

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

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

8           (5) "Eligible project" means an infrastructure plan, or portion of an infrastructure plan,  
9 that meets the project evaluation criteria;

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

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

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

20           (9) "Project evaluation criteria" means the criteria used by the department to evaluate  
21 infrastructure plans and rank eligible projects and shall include the extent to which the project  
22 generates economic benefits, the extent to which the project would be able to proceed at an earlier  
23 date, the likelihood that the project would provide mobility benefits, the cost effectiveness of the  
24 project, and the likelihood that the project would increase safety;

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

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

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

31           **24-18-4. Establishment of the municipal road and bridge revolving fund. -- (a) There**  
32 is hereby established a municipal road and bridge revolving fund. The agency shall establish and  
33 set up on its books the revolving fund, to be held in trust and to be administered by the agency  
34 solely as provided in this chapter and in any trust agreement securing bonds of the agency. The

1 agency shall deposit the following monies into the fund:

2 (1) Amounts appropriated or designated to the agency by the state for the purposes of this

3 chapter;

4 (2) Loan repayments and other payments received by the agency pursuant to loan

5 agreements with cities and towns executed in accordance with this chapter;

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

7 (4) Proceeds of bonds of the agency to the extent required by any trust agreement for

8 such bonds;

9 (5) Administrative fees levied by the agency;

10 (6) Other amounts required by provisions of this chapter or agreement, or any other law

11 or any trust agreement pertaining to bonds to be credited to the revolving fund; and

12 (7) Any other funds permitted by law which the agency in its discretion shall determine

13 to credit thereto.

14 (b) The agency shall establish and maintain fiscal controls and accounting procedures

15 conforming to generally accepted government accounting standards sufficient to ensure proper

16 accounting for receipts in and disbursements from the revolving fund.

17 **24-18-5. Administration. --** (a) The agency shall have all the powers necessary and

18 convenient to carry out and effectuate the purposes and provisions of this chapter including,

19 without limiting the generality of the preceding statement, the authority:

20 (1) To receive and disburse such funds from the state as may be available for the purpose

21 of the revolving fund subject to the provisions of this chapter;

22 (2) To make and enter into binding commitments to provide financial assistance to local

23 cities and towns from amounts on deposit in the revolving fund;

24 (3) To enter into binding commitments to provide subsidy assistance for loans and city

25 and town obligations from amounts on deposit in the revolving fund;

26 (4) To levy administrative fees on cities and towns as necessary to effectuate the

27 provisions of this chapter, provided the fees have been previously authorized by an agreement

28 between the agency and the city or town;

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

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

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

32 (b) Subject to the provisions of this chapter, to the provisions of any agreement with the

33 state authorized by section 24-18-6, and to any agreements with the holders of any bonds of the

34 agency or any trustee therefor, amounts held by the agency for the account of the revolving fund

1 shall be applied by the agency, either by direct expenditure, disbursement, or transfer to one or  
2 more other funds and accounts held by the agency or maintained under any trust agreement  
3 pertaining to bonds, either alone or with other funds of the agency, to the following purposes:

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

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

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

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

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

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

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

30 (d) The agency shall provide an annual report detailing the uses of the fund to the speaker  
31 of the house and the senate president. The initial report shall be due no later than January 1, 2015.

32 **24-18-6. Payment of state funds. --** (a) Subject to the provisions of subsection (b), upon  
33 the written request of the agency, the general treasurer shall pay to the agency, from time to time,  
34 from the proceeds of any bonds or notes issued by the state for the purposes of this chapter or

1 funds otherwise lawfully payable to the agency for the purposes of this chapter, such amounts as  
2 shall have been appropriated or lawfully designated for the revolving fund. All amounts so paid  
3 shall be credited to the revolving fund in addition to any other amounts credited or expected to be  
4 credited to the revolving fund.

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

9 **24-18-7. Procedure for project approval. --** (a) By September 1, 2013, the department  
10 shall promulgate rules and regulations establishing the project evaluation criteria and the process  
11 through which a city or town may submit an infrastructure plan. By December 31, 2013, the  
12 agency shall promulgate rules and regulations to effectuate the provisions of this chapter which  
13 may include, without limitation, forms for financial assistance applications, loan agreements, and  
14 other instruments. All rules and regulations promulgated pursuant to this chapter shall be  
15 promulgated in accordance with the provisions of chapter 42-35.

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

21 (c) By the end of each calendar year, the department shall evaluate all submitted  
22 infrastructure plans and, in accordance with the project evaluation criteria, identify all eligible  
23 projects, and the department shall finalize and provide the agency and statewide planning with a  
24 project priority list for the forthcoming calendar year.

25 (d) By the end of each calendar year, the agency shall determine the maximum amount of  
26 financial assistance available for the forthcoming calendar year, provided that it shall not exceed  
27 an amount of twenty million dollars (\$20,000,000); and provided further that the agency shall not  
28 obligate more than fifty percent (50%) of available funding in any calendar year to any one city  
29 or town unless there are no other eligible projects on the project priority list.

30 (e) Upon issuance of the project priority list, the agency shall award financial assistance  
31 to cities and towns for approved projects provided, however, that the agency does not exceed its  
32 maximum annual amount of financial assistance. The agency may decline to award financial  
33 assistance to an approved project which the agency determines will have a substantial adverse  
34 effect on the interests of holders of bonds or other indebtedness of the agency or the interests of

1 other participants in the financial assistance program, or for good and sufficient cause affecting  
2 the finances of the agency. All financial assistance shall be made pursuant to a loan agreement  
3 between the agency and the city or town, acting by and through the officer or officers, board,  
4 committee, or other body authorized by law, or otherwise its chief executive officer, according to  
5 terms and conditions as determined by the agency, and each loan shall be evidenced and secured  
6 by the issue to the agency of city or town obligations in fully marketable form in principal  
7 amount, bearing interest at the rate or rates specified in the applicable loan agreement, and shall  
8 otherwise bear such terms and conditions as authorized by this chapter and/or the loan agreement.

9 **24-18-8. Inspection of approved projects.** -- For any approved project, the department  
10 shall have the authority to inspect the construction and operation thereof to ensure compliance  
11 with the provisions of this chapter.

12 **24-18-9. Expenses incurred by the department.** -- (a) In order to provide for the  
13 expenses of the department under this chapter, the agency shall transfer to the department an  
14 amount from the revolving fund equal to the amount authorized by the general assembly.

15 **24-18-10. Severability.** -- If any provision of this chapter or the application of this  
16 chapter to any person or circumstances is held invalid, the invalidity shall not affect other  
17 provisions or applications of the chapter, which can be given effect without the invalid provision  
18 or application, and to this end the provisions of this chapter are declared to be severable.

19 SECTION 2. Sections 46-12.2-4, 46-12.2-14, 46-12.2-15, 46-12.2-16, 46-12.2-17, 46-  
20 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  
21 Chapter 46-12.2 entitled "Rhode Island Clean Water Finance Agency" are hereby amended to  
22 read as follows:

23 **46-12.2-4. General powers and duties of agency.** -- (a) The agency shall have all  
24 powers necessary or convenient to carry out and effectuate the purposes and provisions of this  
25 chapter and chapter 24-18, including without limiting the generality of the foregoing, the powers  
26 and duties:

- 27 (1) To adopt and amend bylaws, rules, regulations, and procedures for the governance of  
28 its affairs, the administration of its financial assistance programs, and the conduct of its business;
- 29 (2) To adopt an official seal;
- 30 (3) To maintain an office at such place or places as it may determine;
- 31 (4) To adopt a fiscal year;
- 32 (5) To adopt and enforce procedures and regulations in connection with the performance  
33 of its functions and duties;
- 34 (6) To sue and be sued;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (1) To be or to constitute a bank or trust company within the jurisdiction or under the  
26 control of the department of banking and insurance of the state, or the commissioner thereof, the  
27 comptroller of the currency of the United States of America, or the Treasury Department thereof;  
28 or

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

32 **46-12.2-14. Bonds of the agency. --** (a) The agency may provide by resolution of the  
33 board of directors for the issuance, from time to time, of bonds of the agency for any of its  
34 corporate purposes, [including those set forth in chapter 24-18](#), or for the borrowing of money in



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

14 (b) The bonds of each issue shall be dated, may bear interest at such rate or rates,  
15 including rates variable from time to time as determined by such index, banker's loan rate, or  
16 other method determined by the agency, and shall mature or otherwise be payable at such time or  
17 times, as may be determined by the agency, and may be made redeemable before maturity at the  
18 option of the agency or the holder thereof at such price or prices and under such terms and  
19 conditions as may be fixed by the agency. The agency shall determine the form of bonds, and the  
20 manner of execution of the bonds, and shall fix the denomination or denominations of the bonds,  
21 and the place or places of payment of principal, redemption premium, if any, and interest, which  
22 may be paid at any bank or trust company within or without the state. In case any officer whose  
23 signature or a facsimile of whose signature shall appear on any bonds shall cease to be the officer  
24 before the delivery thereof, the signature or facsimile shall nevertheless be valid and sufficient for  
25 all purposes as if the officer had remained in office until delivery. The agency may provide for  
26 authentication of bonds by a trustee, fiscal agent, registrar, or transfer agency. Bonds may be  
27 issued in bearer or in registered form, or both, and, if notes, may be made payable to the bearer or  
28 to order, as the agency may determine. The agency may also establish and maintain a system of  
29 registration for any bonds whereby the name of the registered owner, the rights evidenced by the  
30 bonds, the transfer of the bonds, and the rights and other similar matters, are recorded in books or  
31 other records maintained by or on behalf of the agency, and no instrument evidencing the bond or  
32 rights need be delivered to the registered owner by the agency. A copy of the books or other  
33 records of the agency pertaining to any bond registered under a registration system certified by an  
34 authorized officer of the agency or by the agent of the agency maintaining the system shall be

1 admissible in any proceeding without further authentication. The board of directors may by  
2 resolution delegate to any member or officer of the agency, or any combination thereof, the  
3 power to determine any of the matters set forth in this section. In the discretion of the agency,  
4 bonds of the agency may be issued with such terms as will cause the interest thereon to be subject  
5 to federal income taxation. The agency may sell its bonds in such manner, either at public or  
6 private sale, for the price, at the rate or rates of interest, or at discount in lieu of interest, as it may  
7 determine will best effect the purposes of this chapter [or chapter 24-18, as applicable](#).

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

18 (d) In the discretion of the board of directors, any bonds issued under this section may be  
19 secured by a trust agreement in such form and executed in such manner as may be determined by  
20 the board of directors, between the agency and the purchasers or holders of the bonds, or between  
21 the agency and a corporate trustee which may be any trust company or bank having the powers of  
22 a trust company within or without the state. The trust agreement may pledge or assign, in whole  
23 or in part, any loan agreements and local governmental obligations, and the revenues, funds, and  
24 other assets or property held or to be received by the agency, including without limitation all  
25 moneys and investments on deposit from time to time in the water pollution control revolving  
26 fund, the Rhode Island water pollution control revolving fund, and the local interest subsidy trust  
27 fund, [or the municipal road and bridge revolving fund, as applicable](#), and any contract or other  
28 rights to receive the same, whether then existing or thereafter coming into existence and whether  
29 then held or thereafter acquired by the agency, and the proceeds thereof. The trust agreement may  
30 contain such provisions for protecting and enforcing the rights, security, and remedies of the  
31 bondholders as may be reasonable and proper including, without limiting the generality of the  
32 foregoing, provisions defining defaults and providing for remedies in the event thereof which  
33 may include the acceleration of maturities, restrictions on the individual right of action by  
34 bondholders, and covenants setting forth the duties of and limitations on the agency in relation to

1 the custody, safeguarding, investment, and application of moneys, the enforcement of loan  
2 agreements and local governmental obligations, the issue of additional or refunding bonds, the  
3 fixing, revision, charging, and collection of charges, the use of any surplus bond proceeds, the  
4 establishment of reserves, and the making and amending of contracts.

5 (e) In the discretion of the board of directors, any bonds issued under authority of this  
6 chapter [or chapter 24-18](#) may be issued by the agency in the form of lines of credit or other  
7 banking arrangements under terms and conditions, not inconsistent with this chapter [or chapter](#)  
8 [24-18](#), and under such agreements with the purchasers or makers thereof or any agent or other  
9 representative of such purchasers or makers, as the board of directors may determine to be in the  
10 best interests of the agency. In addition to other security provided herein or otherwise by law,  
11 bonds issued by the agency under any provision of this chapter [or chapter 24-18](#) may be secured,  
12 in whole or in part, by financial guarantees, by insurance, or by letters or lines of credit issued to  
13 the agency or a trustee or any other person, by any bank, trust company, insurance or surety  
14 company, or other financial institution, within or without the state, and the agency may pledge or  
15 assign, in whole or in part, any loan agreements and local governmental obligations, and the  
16 revenues, funds, and other assets and property held or to be received by the agency, and any  
17 contract or other rights to receive the same, whether then existing or thereafter coming into  
18 existence and whether then held or thereafter acquired by the agency, and the proceeds thereof, as  
19 security for the guarantees or insurance or for the reimbursement by the agency to any issuer of  
20 the line or letter of credit.

21 (f) It shall be lawful for any bank or trust company to act as a depository or trustee of the  
22 proceeds of bonds, revenues, or other moneys under a trust agreement of the agency, and to  
23 furnish indemnification and to provide security as may be required by the agency. It is hereby  
24 declared that any pledge or assignment made by the agency under this chapter [or chapter 24-18](#) is  
25 an exercise of the governmental powers of the agency, and loan agreements, local governmental  
26 obligations, revenues, funds, assets, property, and contract or other rights to receive the same and  
27 the proceeds thereof, which are subject to the lien of a pledge or assignment created under this  
28 chapter [or chapter 24-18](#), shall not be applied to any purposes not permitted by the pledge or  
29 assignment.

30 (g) Any holder of a bond issued by the agency under the provisions of this chapter [or](#)  
31 [chapter 24-18](#) and any trustee or other representative under a trust agreement securing the trustee  
32 or representative, except to the extent the rights herein given may be restricted by the trust  
33 agreement, may bring suit upon the bonds in the superior court and may, either at law or in  
34 equity, by suit, action, mandamus, or other proceeding for legal or equitable relief, protect and

1 enforce any and all rights under the laws of the state or granted hereunder or under the trust  
2 agreement, and may enforce and compel performance of all duties required by this chapter,  
3 [chapter 24-18](#), or by the trust agreement, to be performed by the agency or by any officer thereof.

4 **46-12.2-15. Refunding bonds.** -- The agency may issue refunding bonds for the purpose  
5 of paying any of its bonds, issued pursuant to this chapter [or chapter 24-18](#), at or prior to maturity  
6 or upon acceleration or redemption or purchase and retirement. Refunding bonds may be issued at  
7 such times at or prior to the maturity, redemption, or purchase and retirement of the refunded  
8 bonds as the board of directors deems to be in the interest of the agency. Refunding bonds may be  
9 issued in sufficient amounts to pay or provide for payment of the principal of the bonds being  
10 refunded, together with any redemption premium thereon, any interest or discount accrued or to  
11 accrue to the date of payment of the bonds, the costs of issuance of the refunding bonds, the  
12 expenses of paying, redeeming, or purchasing the bonds being refunded, the costs of holding and  
13 investing proceeds of refunding bonds pending payment, redemption, or purchase and reserves  
14 for debt service or other expenses from the proceeds of refunding bonds as may be required by a  
15 trust agreement securing the bonds. Pending application, the proceeds of the refunding bonds may  
16 be placed in escrow. The issue and sale of refunding bonds, the maturities, and other details  
17 thereof, the security therefor, the rights of the holders thereof, and the rights, duties, and  
18 obligations of the agency in respect of the same shall be governed by the provisions of this  
19 chapter [and chapter 24-18, as applicable](#), relating to the issue of bonds other than refunding bonds  
20 insofar as ~~this chapter~~ [these chapters](#) may be applicable.

21 **46-12.2-16. Bonds eligible for investment.** -- Bonds issued by the agency under this  
22 chapter [or chapter 24-18](#) and local governmental obligations issued hereunder are hereby made  
23 securities in which all public officers and agencies of the state and its political subdivisions, all  
24 insurance companies, trust companies in their commercial departments, savings banks,  
25 cooperative banks, banking associations, investment companies, executors, administrators,  
26 trustees, and other fiduciaries may properly invest funds, including capital in their control or  
27 belonging to them. The bonds and local governmental obligations are hereby made securities  
28 which may properly be deposited with and received by any state or municipal officer of any  
29 agency or political subdivision of the state for any purpose for which the deposit of bonds or  
30 obligations of the state or any political subdivision is now or may hereafter be authorized by law.

31 **46-12.2-17. No additional consent required.** -- Except as provided in this section, bonds  
32 and local governmental obligations may be issued under this chapter [or chapter 24-18](#) without  
33 obtaining the consent of any executive office, department, division, commission, board, bureau,  
34 or agency of the state or any political subdivision thereof, and without any other proceedings or

1 the happening of any condition, or acts other than those proceedings, conditions, or acts which are  
2 specifically required therefor hereunder or under any applicable bond act, and the validity of and  
3 security for any bonds issued by the agency pursuant to this chapter [or chapter 24-18](#), and any  
4 local governmental obligations issued in accordance herewith, shall not be affected by the  
5 existence or nonexistence of any consent or other proceedings, conditions, or acts. Nothing in this  
6 chapter [or chapter 24-18](#) shall exempt the agency from the provisions of chapter 10.1 of title 42  
7 entitled "Public Finance Management Board," and the Narragansett Bay water quality  
8 management district commission shall not issue any bonds, notes, or other indebtedness without  
9 the approval of the division of public utilities as required by section 39-3-15.

10 **46-12.2-18. Bonds not obligations of the state.** -- Bonds issued by the agency under the  
11 provisions of this chapter [or chapter 24-18](#) shall not be deemed to be a debt or a pledge of the  
12 faith and credit of the state or of any of its political subdivisions, but shall be payable solely from  
13 the revenues, funds, assets, and other property of the agency from which they are made payable  
14 pursuant to this chapter [or chapter 24-18](#). Bonds issued by the agency under the provisions of this  
15 chapter [and chapter 24-18](#) shall recite that neither the state nor any political subdivisions thereof  
16 shall be obligated to pay the bonds, and that neither the faith and credit nor the taxing power of  
17 the state or of any political subdivision thereof is pledged to the payment of the principal or  
18 interest on the bonds. Further, every bond shall recite whether it is a general obligation of the  
19 agency, or a special obligation thereof payable solely from particular revenues, funds, assets, or  
20 other property pledged to its payment.

21 **46-12.2-19. Lien status -- Recording.** -- (a) Notwithstanding any provision of any other  
22 law, including the Uniform Commercial Code:

23 (1) Any pledge or assignment of revenues of any kind, funds, loan agreements, local  
24 governmental obligations, property, or assets made pursuant to the provisions of this chapter [or](#)  
25 [chapter 24-18](#) by the agency, or any local governmental unit hereunder, shall be valid and binding  
26 against all parties having claims of any kind in tort, contract, or otherwise, whether or not the  
27 parties have notice thereof, and shall be deemed continuously perfected from the time it is made;

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

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

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

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

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

10 **46-12.2-20. Bonds and local government obligations as investment securities. --**

11 Notwithstanding any of the provisions of this chapter, [chapter 24-18](#), or any recitals in any bonds  
12 or local governmental obligations issued hereunder, all bonds and local governmental obligations  
13 shall be deemed to be investment securities under the Uniform Commercial Code.

14 **46-12.2-21. Proceeds received by agency as trust funds. --**

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

19 **46-12.2-22. Tax exemption. --**

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

25 **46-12.2-25. Supplemental powers -- Inconsistent laws. --**

26 The provisions of this chapter  
27 [and chapter 24-18](#) shall be deemed to provide an additional, alternative, and complete method for  
28 accomplishing the purposes of ~~this chapter~~ [these chapters](#), and shall be deemed and construed to  
29 be supplemental and additional to, and not in derogation of, powers conferred upon the agency,  
30 the department, and local governmental units by other laws; provided, however, that insofar as  
31 the provisions of ~~this chapter~~ [these chapters](#) are inconsistent with the provisions of any general or  
32 special law, municipal charter, administrative order or regulations, the provisions of ~~this chapter~~  
[these chapters](#) shall be controlling. Any amounts appropriated by ~~this chapter~~ [these chapters](#) to  
the agency or the department shall be in addition to any other amounts appropriated to the agency  
or the department by any other law.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO HIGHWAYS -- MUNICIPAL ROAD AND BRIDGE REVOLVING FUND

\*\*\*

1           This act would provide for a municipal road and bridge revolving fund to be administered  
2 by the Rhode Island clean water finance agency in order to lower the cost of borrowing for road  
3 and bridge projects of cities and towns.

4           This act would take effect upon passage.

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