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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

AUTHORIZING THE TOWN OF WARREN TO FINANCE THE MAINTENANCE AND CONSTRUCTION OF SEWERS AND SEWERAGE SYSTEMS IN THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$20,000,000 BONDS AND/OR NOTES THEREFOR INCLUDING, BUT NOT LIMITED TO, ANY BONDS OR NOTES ISSUED PURSUANT TO FINANCING AGREEMENTS WITH THE RHODE ISLAND INFRASTRUCTURE BANK

Introduced By: Senator Walter S. Felag

Date Introduced: May 19, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The Town of Warren is hereby empowered, in addition to authority
2 previously granted, to issue bonds to an amount not exceeding twenty million dollars
3 (\$20,000,000) from time to time under its corporate name and seal. The bonds of each issue may
4 be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term
5 bonds or a combination thereof and shall be payable either by maturity of principal in the case of
6 serial bonds or by mandatory serial redemption in the case of term bonds, in annual installments
7 of principal, the first installment to be not later than five (5) years and the last installment not
8 later than thirty (30) years after the date the bonds are issued. All such bonds of a particular issue
9 may be issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term
10 bonds or a combination thereof, and may bear interest at a fixed rate or rates or at a variable or
11 auction rate or rates. The bonds may be sold by a negotiated sale or by competitive bid and may
12 be issued pursuant to a resolution or an indenture of trust. Annual installments of principal may
13 be provided for by maturity of principal in the case of serial bonds or by mandatory serial
14 redemption in the case of term bonds. The amount of principal appreciation each year on any
15 bonds, after the date of original issuance, shall not be considered to be principal indebtedness for
16 the purposes of any constitutional or statutory debt limit or any other limitation. The appreciation
17 of principal after the date of original issue shall be considered interest. Only the original principal

1 amount shall be counted in determining the principal amount so issued and any interest
2 component or premium shall be disregarded. For each issue the amounts payable annually for
3 principal and interest combined either shall be as nearly equal from year to year as is practicable
4 in the opinion of the officers authorized to issue the bonds, or shall be arranged in accordance
5 with a schedule providing for a more rapid amortization of principal.

6 SECTION 2. The bonds shall be signed by the town finance director and by the president
7 of the town council and shall be issued and sold in such amounts as the town council may
8 authorize. The manner of sale, denominations, maturities, interest rates and other terms,
9 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings
10 of the town council authorizing the issue or by separate resolution of the town council or, to the
11 extent provisions for these matters are not so made, they may be fixed by the officers authorized
12 to sign the bonds or notes. Interest coupons (if any) shall bear the manual or facsimile signature
13 of the town finance director. Notwithstanding anything contained in this act, the town may enter
14 into financing agreements with the Rhode Island Infrastructure Bank pursuant to title 46, chapter
15 12.2 of the general laws and, with respect to notes or bonds issued in connection with such
16 financing agreements, if any, the town may elect to have the provisions of title 46, chapter 12.2 of
17 the general laws apply to the issuance of the bonds or notes issued hereunder to the extent the
18 provisions of title 46, chapter 12.2 of the general laws are inconsistent herewith. Such election
19 may be fixed by the proceedings of the town council authorizing such issuance or by separate
20 resolution of the town council, or, to the extent provisions for these matters are not so made, they
21 may be fixed by the officers authorized to sign the bonds or notes. The proceeds derived from the
22 sale of the bonds shall be delivered to the town finance director, and such proceeds exclusive of
23 premiums and accrued interest shall be expended: (1) For the maintenance and construction of
24 sewers and sewerage systems in the town; (2) For payment of the principal or interest on
25 temporary notes issued under section 3; (3) In payment of capitalized interest on bonds or notes;
26 (4) In repayment of advances under section 4; or (5) In payment of related costs of issuance of
27 any bonds or notes. No purchaser of any bonds or notes under this act shall be in any way
28 responsible for the proper application of the proceeds derived from the sales thereof. The project
29 shall be carried out and all contracts made therefor on behalf of the town by the town council.
30 The proceeds of bonds or notes issued under this act, any applicable federal or state assistance
31 and other moneys referred to in sections 6 and 9, shall be deemed appropriated for the purposes of
32 this act without further action than that required by this act. The bond issue authorized by this act
33 may be consolidated for the purposes of issuance and sale with any other bond issue of the town
34 heretofore or hereafter authorized, provided that, notwithstanding any such consolidation, the

1 proceeds from the sale of the bonds authorized by this act shall be expended for the purposes set
2 forth above. The town finance director and the president of the town council, on behalf of the
3 town, are hereby authorized to execute such instruments, documents or other papers as either of
4 them deem necessary or desirable to carry out the intent of this act and are also authorized to take
5 all actions and execute all documents or agreements necessary to comply with federal tax and
6 securities laws, which documents or agreements may have a term coextensive with the maturity
7 of the bonds authorized hereby, including Rule 15c2-12 of the Securities and Exchange
8 Commission and to execute and deliver a continuing disclosure agreement or certificate in
9 connection with the bonds or notes.

10 SECTION 3. The town council may by resolution authorize the issue from time to time of
11 interest bearing or discounted notes in anticipation of the issue of bonds or in anticipation of the
12 receipt of federal or state aid for the purposes of this act. The amount of original notes issued in
13 anticipation of bonds may not exceed the amount of bonds which may be issued under this act
14 and the amount of original notes issued in anticipation of federal or state aid may not exceed the
15 amount of available federal or state aid as estimated by the town finance director. Temporary
16 notes issued hereunder shall be signed by the manual or facsimile signatures of the town finance
17 director and by the president of the town council and shall be payable within five (5) years from
18 their respective dates, but the principal of and interest on notes issued for a shorter period may be
19 renewed or paid from time to time by the issue of other notes thereunder, provided the period
20 from the date of an original note to the maturity or any note issued to renew or pay the same debt
21 or the interest thereon shall not exceed five (5) years. Any temporary notes in anticipation of
22 bonds issued under this section may be refunded prior to the maturity of the notes by the issuance
23 of additional temporary notes, provided that no such refunding shall result in any amount of such
24 temporary notes outstanding at any one time in excess of two hundred percent (200%) of the
25 amount of bonds which may be issued under this act, and provided further that if the issuance of
26 any such refunding notes results in any amount of such temporary notes outstanding at any one
27 time in excess of the amount of bonds which may be issued under this act, the proceeds of such
28 refunding notes shall be deposited in a separate fund established with the bank which is paying
29 agent for the notes being refunded. Pending their use to pay the notes being refunded, moneys in
30 the fund shall be invested for the benefit of the town by the paying agent at the direction of the
31 town finance director in any investment permitted under section 5. The moneys in the fund and
32 any investments held as a part of the fund shall be held in trust and shall be applied by the paying
33 agent solely to the payment or prepayment of the principal of and interest on the notes being
34 refunded. Upon payment of all principal of and interest on the notes, any excess moneys in the

1 fund shall be distributed to the town. The town may pay the principal of and interest on notes in
2 full from other than the issuance of refunding notes prior to the issuance of bonds pursuant to
3 Section 1 hereof. In such case, the town's authority to issue bonds or notes in anticipation of
4 bonds under this act shall continue provided that: (1) The town council passes a resolution
5 evidencing the town's intent to pay off the notes without extinguishing the authority to issue
6 bonds or notes; and (2) That the period from the date of an original note to the maturity date of
7 any other note shall not exceed five (5) years.

8 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
9 of any authorization or issue of notes hereunder, the town finance director, with the approval of
10 the town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in
11 the treasury of the town to the purposes specified in section 2, such advances to be repaid without
12 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of
13 applicable federal or state assistance or from other available funds.

14 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
15 federal or state assistance, pending their expenditure, may be deposited or invested by the town
16 finance director in demand deposits, time deposits or savings deposits in banks which are
17 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by
18 the United States of America or by any agency or instrumentality thereof or as may be provided
19 in any other applicable law of the state of Rhode Island or resolution of the town council or
20 pursuant to an investment policy of the town.

21 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
22 shall be applied to the payment of the first interest due thereon. Any premiums arising from the
23 sale of bonds or notes hereunder and any earnings or net profit realized from the deposit or
24 investment of funds hereunder shall, in the discretion of the finance director, be applied to the
25 cost of preparing, issuing, and marketing bonds or notes hereunder to the extent not otherwise
26 provided, to the payment of the cost of the project, to the payment of the principal of or interest
27 on bonds or notes issued hereunder or to any one or more of the foregoing. The cost of preparing,
28 issuing and marketing bonds or notes hereunder may also, in the discretion of the town finance
29 director, be met from bond or note proceeds exclusive of accrued interest or from other moneys
30 available therefor. Any balance of bond or note proceeds remaining after payment of the cost of
31 the projects and the cost of preparing, issuing and marketing bonds or notes hereunder shall be
32 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the
33 extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or
34 investment of funds hereunder may, upon receipt, be added to and dealt with as part of the

1 revenues of the town from property taxes. In exercising any discretion under this section, the
2 town finance director shall be governed by any instructions adopted by resolution of the town
3 council.

4 SECTION 7. All bonds and notes issued under this act and the debts evidenced thereby
5 shall be obligatory on the town in the same manner and to the same extent as other debts lawfully
6 contracted by it and shall be excepted from the operation of §45-12-2 of the general laws. No
7 such obligation shall at any time be included in the debt of the town for the purpose of
8 ascertaining its borrowing capacity. The town shall annually appropriate a sum sufficient to pay
9 the principal and interest coming due within the year on bonds and notes issued hereunder to the
10 extent that moneys therefor are not otherwise provided. If such sum is not appropriated, it shall
11 nevertheless be added to the annual tax levy. In order to provide such sum in each year and
12 notwithstanding any provision of law to the contrary, all taxable property in the town shall be
13 subject to ad valorem taxation by the town without limitation as to rate or amount.

14 SECTION 8. Any bonds or notes issued under the provisions of this act, if properly
15 executed by officers of the town in office on the date of execution, shall be valid and binding
16 according to their terms notwithstanding that before the delivery thereof and payment therefor
17 any or all of such officers shall for any reason have ceased to hold office.

18 SECTION 9. The town, acting by resolution of its town council is authorized to apply for,
19 contract for and expend any federal or state advances or other grants or assistance which may be
20 available for the purposes of this act, and any such expenditures may be in addition to other
21 moneys provided in this act. To the extent of any inconsistency between any law of this state and
22 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
23 interest where applicable, whether contracted for prior to or after the effective date of this act,
24 may be repaid as project costs under section 2.

25 SECTION 10. Bonds and notes may be issued under this act without obtaining the
26 approval of any governmental agency or the taking of any proceedings or the happening of any
27 conditions except as specifically required by this act for such issue. In carrying out any project
28 financed in whole or in part under this act, including where applicable the condemnation of any
29 land or interest in land, and in the levy and collection of assessments or other charges permitted
30 by law on account of any such project, all action shall be taken which is necessary to meet
31 constitutional requirements whether or not such action is otherwise required by statute; but the
32 validity of bonds and notes issued hereunder shall in no way depend upon the validity or
33 occurrence of such action.

34 SECTION 11. All or any portion of the authority to issue bonds and notes under this act

1 may be extinguished by resolution of the town council, without further action by the general
2 assembly.

3 SECTION 12. The town finance director and the president of the town council, on behalf
4 of the town, are hereby authorized to execute such documents or other papers as either of them
5 deem necessary or desirable to carry out the intent of this act and are also authorized to take all
6 actions and execute all documents or agreements necessary to comply with federal tax and
7 securities laws, which documents or agreements may have a term coextensive with the maturity
8 of the bonds authorized hereby, including Rule 15c2-12 of the Securities and Exchange
9 Commission (the Rule) and to execute and deliver a continuing disclosure agreement or
10 certificate in connection with the bonds or notes in the form as shall be deemed advisable by such
11 officers in order to comply with the Rule.

12 SECTION 13. The question of the approval of this act shall be submitted to the electors
13 of the town at the election to be held on November 8, 2016 or such other general or special
14 election (other than a primary) as shall be designated by the town council. The question shall be
15 submitted in substantially the following form: "Shall an act, passed at the 2016 session of the
16 general assembly, entitled 'AN ACT AUTHORIZING THE TOWN OF WARREN TO
17 FINANCE THE MAINTENANCE AND CONSTRUCTION OF SEWERS AND SEWERAGE
18 SYSTEMS IN THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$20,000,000 BONDS
19 AND/OR NOTES THEREFOR INCLUDING, BUT NOT LIMITED TO, ANY BONDS OR
20 NOTES ISSUED PURSUANT TO FINANCING AGREEMENTS WITH THE RHODE
21 ISLAND INFRASTRUCTURE BANK' be approved?" and the warning for the election shall
22 contain the question to be submitted. From the time the election is warned and until it is held, it
23 shall be the duty of the town clerk to keep a copy of the act available at the clerk's office for
24 public inspection, but the validity of the election shall not be affected by this requirement.

25 SECTION 14. This section and the foregoing section shall take effect upon the passage of
26 this act. The remainder of this act shall take effect upon the approval of this act by a majority of
27 those voting on the question at the election prescribed by the foregoing section.

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EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF WARREN TO FINANCE THE MAINTENANCE AND CONSTRUCTION OF SEWERS AND SEWERAGE SYSTEMS IN THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$20,000,000 BONDS AND/OR NOTES THEREFOR INCLUDING, BUT NOT LIMITED TO, ANY BONDS OR NOTES ISSUED PURSUANT TO FINANCING AGREEMENTS WITH THE RHODE ISLAND INFRASTRUCTURE BANK

- 1 This act authorizes the Town of Warren to issue not more than \$20,000,000 bonds and
- 2 notes to finance the maintenance and construction of sewers and sewerage systems in the town.
- 3 Sections 13 and 14 shall take effect upon passage. The remainder of the act takes effect upon
- 4 approval of the question provided for in Section 13.

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