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ARTICLE 6

RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTION

SECTION 1. This article consists of joint resolutions that is submitted pursuant to Rhode Island General Law § 35-18-1, et seq.

SECTION 2. Confined Aquatic Dredged Material Disposal Cells.

WHEREAS, over the past year the Army Corps of Engineers has approached the Coastal Resources Management Council to act as the local sponsor to the federal action of maintaining the depths of the Providence River and Harbor Shipping Channel; and

WHEREAS, the Providence River and Shipping Channel was last maintained in 2003; and

WHEREAS, the project will include dredging and removal of sediments not suitable for ocean disposal, and thus will require the construction of a new Confined Aquatic Disposal (CAD) Cell to dispose and sequester those sediments; and

WHEREAS, CAD cells are constructed in aquatic environments to reduce the environmental risk from sediments not suitable for ocean disposal by storing these sediments in a depression in the bottom of the aquatic system; and

WHEREAS, CAD cells offer a major economic value, as a significant cost of disposing dredged materials is in the transportation of the dredged material to a disposal location; and

WHEREAS, having CAD cells located within hundreds of feet from a dredging operation saves local port operators millions of dollars over the 10-year life of those cells; and

WHEREAS, the Coastal Resources Management Council seeks to build additional capacity in the CAD Cells beyond that required only for this specific project, in order to account for the many port, maritime, and marina facilities that also have the need to dredge material at their facilities, which may not be suitable for ocean disposal, thereby saving these entities significant cost, in both sediment testing and transportation of the material to other locations, due to the fact that the existing CAD cells in the river have reached their useful ten-year design life; and

WHEREAS, with the approval by the voters of the 2016 Rhode Island Port Infrastructure Bond referendum, the need to maintain the viability of port and maritime operations, the state's marine trades industry, and the increase economic value of ProvPort, increased disposal capacities from new CAD cells are needed; and

WHEREAS, the Army Corps of Engineers expects to begin maintenance of the Providence

1 River and Harbor Shipping Channel in the fall of 2018, the total cost share of the local sponsor are
2 required by the end of FY 2018; and

3 WHEREAS, the project is considered a federal maintenance project, the State is required
4 to pay for the creation of the CAD cell only at an up-front cost share of thirty five percent (35%);
5 and

6 WHEREAS, the project costs associated with this project is estimated to be eleven million
7 dollars (\$11.0 million), with five hundred thousand dollars (\$500,000) derived from the Coastal
8 Resources Management Council Dredge Fund. The total financing obligation of the State of Rhode
9 Island would be approximately ten million five hundred thousand dollars (\$10.5 million), with ten
10 million four hundred thousand dollars (\$10.4 million) deposited in the project fund and one hundred
11 thousand dollars (\$100,000) allocated to pay the associated costs of financing. Total payments on
12 the State's obligation over ten (10) years on the ten million five hundred thousand dollars (\$10.5
13 million) issuance are projected to be thirteen million six hundred thousand dollars (\$13.6 million)
14 assuming an average interest rate of five percent (5.0%). A minimum of five million dollars (\$5.0
15 million) of the total principal and interest payments shall be financed from an increase in fees
16 charged to marine operators to deposit their dredged materials into CAD cells, with general revenue
17 appropriations used to supplement fee revenues. General revenue appropriations shall finance
18 principal and interest payments in any fiscal year that fee revenues are insufficient; now, therefore,
19 be it

20 RESOLVED, that this General Assembly hereby approves financing in an amount not to
21 exceed ten million five hundred thousand dollars (\$10.5 million) for the provision of funds for the
22 Confined Aquatic Disposal Cells project, including one hundred thousand dollars (\$100,000) to
23 pay costs of financing.

24 SECTION 3. *Energy Performance Contract – University of Rhode Island – Phase 3*

25 WHEREAS, the Council on Postsecondary Education and the University of Rhode Island,
26 hereby referred to as "the University," are proposing projects that involve the implementation of
27 professionally guided capital investments in energy efficiency improvements to University
28 buildings and infrastructure that will pay for themselves through cost avoidance, while reducing
29 long-term energy consumption associated with operations; and

30 WHEREAS, the University presently manages over three hundred twenty four (324)
31 buildings, with associated utility infrastructure, containing over four million eight hundred fifty
32 thousand (4,850,000) square feet of space, a majority of which was constructed over thirty years
33 ago. Energy efficiency has become a vital feature of the institution's fiscal responsibility; and

34 WHEREAS, energy performance contracting has been significantly enhanced and refined,

1 and many examples exist of programs successfully employed around the country that are prudent
2 from both a fiscal management and an environmental stewardship perspective; and

3 WHEREAS, various private sector companies, hereinafter referred to as energy service
4 companies or "ESCOs", are willing to guarantee the performance of the improvements yielding
5 energy savings to pay for the cost of the replacement of antiquated and inefficient equipment,
6 including boilers, heating and air conditioning, lighting and other building systems and equipment;
7 and

8 WHEREAS, the higher education system has successfully participated with the state
9 department of administration in a request for proposal process to enter into an energy performance
10 contract with ESCO to provide investment grade energy audit evaluations, design, installation, and
11 maintenance services, as well as assistance in securing rebate resources and the guarantee of the
12 energy or water saving performance of the installed retrofit measures; and

13 WHEREAS, the evaluations of an energy service company further affirms the significant
14 opportunity to implement energy conservation improvements on a building-by-building basis that
15 pay for themselves through operating budget savings within a fifteen year period; and

16 WHEREAS, tax exempt financing via "certificates of participation," with associated debt
17 service supported for the financing term by energy cost avoidance (i.e., by redirecting dollars that
18 would have paid for utility consumption, but with the improvements can be redeployed to repay
19 the financing) is the most cost effective means of supporting the investment in energy efficiency
20 improvements under this program; and

21 WHEREAS, the University is seeking to undertake energy performance contracts to
22 replace obsolete equipment with new equipment and infrastructure components employing high
23 energy efficient technologies, to employ insulation and weatherization measures, and to deploy
24 measures that sustain the highest performance levels for these improvements; and

25 WHEREAS, the estimated cost of such contracts are for the University, an amount not to
26 exceed eleven million six hundred thousand dollars (\$11.6 million), with the request to the state to
27 have with ten million five hundred thousand dollars (\$10.5 million) deposited into the construction
28 fund, six hundred ninety-six thousand dollars (\$696,000) deposited in a capitalized interest fund,
29 and four hundred thirty thousand dollars (\$430,000) to pay associated costs of financing. Total
30 payments on the state's obligation over fifteen (15) years on the eleven million six hundred thousand
31 dollars (\$11.6 million) issuance are projected to be sixteen million eight hundred thousand dollars
32 (\$16.8 million), assuming an average effective interest rate of five percent (5.0%), the payments
33 would be derived by the University from energy savings; now, therefore, be it

34 RESOLVED, that the University is authorized to proceed with the aforementioned projects

1 in the amounts specified above; and be it further

2 RESOLVED, that these contracts will be structured so that, at a minimum, the annual
3 principal, interest and service and maintenance costs resulting from these contracts would be fully
4 offset by the cumulative annual energy savings derived from energy efficiency improvements, the
5 performance of which being guaranteed by the ESCOs; and be it further

6 RESOLVED, that these contracts would be multi-year contracts of up to a term of fifteen
7 (15) years. In addition to saving energy and helping to protect the University from future energy
8 cost increases, these contracts would aid in reducing maintenance costs by providing new, efficient
9 equipment and technology that outperforms older higher energy consuming systems; and be it
10 further

11 RESOLVED, that this joint resolution shall take effect immediately upon its passage.

12 SECTION 4. *White Horn Brook Apartments – University of Rhode Island.*

13 WHEREAS, the Rhode Island Council on Postsecondary Education is proposing a project
14 which involves the construction of a new residence hall on the west bank of the White Horn Brook
15 located in the northwest corner of the Kingston campus of the University of Rhode Island in the
16 Town of South Kingstown, Rhode Island; and

17 WHEREAS, the growth of undergraduate student enrollment is critical to the fiscal health
18 of the University; and

19 WHEREAS, there is high undergraduate student demand for apartment style on campus
20 housing; and

21 WHEREAS, the University is committed to providing adequate and appropriate housing
22 opportunities for its students; and

23 WHEREAS, the University continues to undertake significant improvements to existing
24 dormitory style housing facilities and has built new units that offer both suite style and apartment
25 living options with the goal of providing over fifty percent (50%) of its undergraduate students on
26 campus housing in keeping with its peer institutions; and

27 WHEREAS, apartment style housing units are critical for the on campus retention of third
28 and fourth year students that often seek alternative housing off campus; and

29 WHEREAS, a recent market study has demonstrated that the market demand for additional,
30 apartment style campus housing indicates that this project will be fully occupied upon completion
31 and into the future; and

32 WHEREAS, the Rhode Island Public Corporation Debt Management Act requires the
33 General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island
34 and other public agencies of certain obligations including financing guarantees or other agreements;

1 and

2 WHEREAS, the design and construction of the project will be financed through Rhode
3 Island Health and Educational Building (RIHEBC) revenue bonds, with an expected term of thirty
4 (30) years; and

5 WHEREAS, the total project costs associated with the completion of the project and
6 proposed financing method would be supported approximately ninety-five percent (95%) by
7 auxiliary fee revenues for URI Housing and Residential Life for the apartment building and
8 approximately five percent (5%) by University general funds for site enabling facility relocation,
9 utility and hardscape and landscape infrastructure and site work; and

10 WHEREAS, the project is currently in design and targeting a total project financing cost
11 of eighty eight million seven hundred and eighty seven thousand dollars (\$88,787,000) in RIHEBC
12 bonds, with a request to have seventy eight million four hundred forty thousand dollars
13 (\$78,440,000) deposited into a construction fund, eight million thirty seven thousand dollars
14 (\$8,037,000) deposited in a capitalized interest fund, and two million three hundred ten thousand
15 dollars (\$2,310,000) to pay associated cost of financing, and with an assumed interest rate of five
16 percent (5%) debt service repayments will not exceed one hundred seventy three million two
17 hundred seventy one thousand and six hundred fifty three dollars (\$173,271,653); and

18 WHEREAS, the University has been advised by its architectural and project management
19 firms to anticipate potential additional escalation of construction costs leading up to the final
20 pricing of the construction of this project; now, therefore, be it

21 RESOLVED, that the General Assembly hereby approves financing in an amount not to
22 exceed total debt service payments of one hundred seventy three million two hundred seventy one
23 thousand and six hundred fifty three dollars (\$173,271,653) for construction of a new apartment
24 style residence facility on the University of Rhode Island Kingston Campus, with the not-to-exceed
25 amount to be financed determined by the actual financing interest rate at the time of the bond
26 issuance; and be it further

27 RESOLVED, that this joint resolution shall take effect immediately upon its passage.

28 SECTION 5. This resolution shall apply to financing obligations issued within four (4)
29 years of the date of passage of this resolution.

30 SECTION 6. This article shall take effect upon passage.

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