

2018 -- S 2990

=====  
LC005934  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

---

A N A C T

AUTHORIZING THE TOWN OF SMITHFIELD TO ISSUE NOT TO EXCEED \$45,000,000 IN GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCE OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 40% FOR EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

Introduced By: Senator Stephen R. Archambault

Date Introduced: June 20, 2018

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. The town of Smithfield is hereby empowered, in addition to authority  
2 previously granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up  
3 to an amount not exceeding forty-five million dollars (\$45,000,000) from time to time under its  
4 corporate name and seal or a facsimile of such; provided, however, that bonds shall not be issued  
5 unless the conditions of Section 4 hereof as to the level of state school housing aid are met. The  
6 bonds of each issue may be issued in the form of serial bonds or term bonds or a combination  
7 thereof and shall be payable either by maturity of principal in the case of serial bonds or by  
8 mandatory sinking fund installments in the case of term bonds, in annual installments of  
9 principal, the first installment to be not later than five (5) years and the last installment not later  
10 than thirty (30) years after the date of the bonds. All such bonds of a particular issue may be  
11 issued in the form of zero coupon bonds, capital appreciation bonds, serial bonds or term bonds or  
12 a combination thereof. The amount of principal appreciation each year on any bonds, after the  
13 date of original issuance, shall not be considered to be principal indebtedness for the purposes of  
14 any constitutional or statutory debt limit or any other limitation. The appreciation of principal  
15 after the date of original issue shall be considered interest. Only the original principal amount  
16 shall be counted in determining the principal amount so issued and any interest component shall

1 be disregarded.

2 SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the town  
3 treasurer and countersigned by the town manager and the town clerk and shall be issued and sold  
4 in such amounts as the town council may authorize by resolution. The manner of sale,  
5 denominations, maturities, interest rates and other terms, conditions and details of any bonds or  
6 notes issued under this act may be fixed by the proceedings of the town council authorizing the  
7 issue or by separate resolution of the town council or, to the extent provisions for these matters  
8 are not so made, they may be fixed by the officers authorized to sign the bonds. Notwithstanding  
9 anything contained in this act to the contrary, the town may enter into financing agreements with  
10 the Rhode Island Health and Educational Building Corporation pursuant to chapter 7 of title 16  
11 and chapter 38.1 of title 45 and, with respect to notes or bonds issued in connection with such  
12 financing agreements, if any, the town may elect to have the provisions of chapter 38.1 of title 45  
13 apply to the issuance of the bonds or notes issued hereunder to the extent the provisions of  
14 chapter 38.1 of title 45 are inconsistent herewith. In addition, the town may enter into financing  
15 agreements with the Rhode Island Infrastructure Bank pursuant to the provisions of chapter 12.2  
16 of title 46 and, with respect to notes or bonds issued in connection with such financing  
17 agreements, if any, the town may elect to have the provisions of chapter 12.2 of title 46 apply to  
18 the issuance of the bonds or notes issued hereunder to the extent the provisions of chapter 12.2 of  
19 title 46 are inconsistent herewith. Such election may be fixed by the proceedings of the town  
20 council authorizing such issuance of by separate resolution of the town council, or, to the extent  
21 provisions for these matters are not so made, they may be fixed by the officers authorized to sign  
22 the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the town  
23 treasurer, and such proceeds, exclusive of premiums and accrued interest shall be expended: (1)  
24 For the construction, renovation, improvement, alteration, repair, furnishing and equipping of  
25 schools and school facilities in the town of Smithfield and all expenses incident thereto; (2) In  
26 payment of the principal of or interest on temporary notes issued under section 3; (3) In  
27 repayment of advances under section 5; (4) In payment of related costs of issuance of any bonds  
28 or notes; and/or (5) In payment of capitalized interest during construction of the project (the  
29 "project"). No purchaser of any bonds or notes under this act shall be in any way responsible for  
30 the proper application of the proceeds derived from the sale thereof. The proceeds of bonds or  
31 notes issued under this act, any applicable federal or state assistance and the other monies referred  
32 to in sections 7 and 10 shall be deemed appropriated for the purposes of this act without further  
33 action than that required by this act. The bonds authorized by this act may be consolidated for the  
34 purpose of issuance and sale with any other bonds of the town heretofore or hereafter authorized,

1 provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds  
2 authorized by this act shall be expended for the purposes set forth above.

3 SECTION 3. The town council may by resolution authorize the issuance from time to  
4 time of interest bearing or discounted notes in anticipation of the issuance of bonds or in  
5 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of  
6 original notes issued in anticipation of bonds may not exceed the amount of bonds which may be  
7 issued under this act and the amount of original notes issued in anticipation of federal or state aid  
8 may not exceed the amount of available federal or state aid as estimated by the town treasurer.  
9 Temporary notes issued hereunder shall be signed by the manual or facsimile signatures of the  
10 town treasurer and countersigned by the town manager and the town clerk and shall be payable  
11 within five (5) years from their respective dates, but the principal of and interest on notes issued  
12 for a shorter period may be renewed or paid from time to time by the issuance of other notes  
13 hereunder, provided the period from the date of an original note to the maturity of any note issued  
14 to renew or pay the same debt or interest thereon shall not exceed five (5) years. Any temporary  
15 notes in anticipation of bonds issued under this section may be refunded prior to the maturity of  
16 the notes by the issuance of additional temporary notes, provided that no such refunding shall  
17 result in any amount of such temporary notes outstanding at any one time in excess of two  
18 hundred percent (200%) of the amount of bonds which may be issued under this act, and provided  
19 further that if the issuance of any such refunding notes results in any amount of such temporary  
20 notes outstanding at any one time in excess of the amount of bonds which may be issued under  
21 this act, the proceeds of such refunding notes shall be deposited in a separate fund established  
22 with the bank which is paying agent for the notes being refunded. Pending their use to pay the  
23 notes being refunded, monies in the fund shall be invested for the benefit of the town by the  
24 paying agent at the direction of the town treasurer in any investment permitted under section 6.  
25 The monies in the fund and any investments held as part of the fund shall be held in trust and  
26 shall be applied by the paying agent solely to the payment or prepayment of the principal of and  
27 interest on the notes being refunded. Upon payment of all principal of and interest on the notes,  
28 any excess monies in the fund shall be distributed to the town. The town may pay the principal of  
29 and interest on notes in full from other than the issuance of refunding notes prior to the issuance  
30 of bonds pursuant to section 1 hereof. In such case, the town's authority to issue bonds or notes in  
31 anticipation of bonds under this act shall continue provided that: (1) The town council passes a  
32 resolution evidencing the town's intent to pay off the notes without extinguishing the authority to  
33 issue bonds or notes; and (2) That the period from the date of an original note to the maturity date  
34 of any other note shall not exceed five (5) years.

1           SECTION 4. Bonds and notes shall not be issued unless the town has received a letter  
2 from the Rhode Island Department of Elementary and Secondary Education confirming that the  
3 then-current reimbursement rate or state share ratio pursuant to §§ 16-7-35 through 16-7-47, as  
4 amended from time to time, or pursuant to any other law hereafter enacted providing for funds to  
5 municipalities for school housing aid purposes, is not less than forty percent (40%) of debt  
6 service for those costs which are eligible for state school housing aid.

7           SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu  
8 of any authorization or issue of notes hereunder, the town treasurer, with the approval of the town  
9 council, may, to the extent that bonds or notes may be issued hereunder, apply funds in the  
10 treasury of the town to the purposes specified in section 2, such advances to be repaid without  
11 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of  
12 applicable federal or state assistance or from other available funds.

13           SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable  
14 federal or state assistance, pending their expenditure may be deposited or invested by the town  
15 treasurer in demand deposits, time deposits or savings deposits in banks which are members of  
16 the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United  
17 States of America or by any agency or instrumentality thereof or as may be provided in any other  
18 applicable law of the state of Rhode Island or resolution of the town council or pursuant to an  
19 investment policy of the town.

20           SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder  
21 shall be applied to the payment of the first interest due thereon. Any premium arising from the  
22 sale of bonds or notes hereunder shall, in the discretion of the town treasurer, be applied to the  
23 cost of preparing, issuing and marketing bonds or notes hereunder to the extent not otherwise  
24 provided, to the payment of the project costs, to the payment of the principal of or interest on  
25 bonds or notes issued hereunder or to any one or more of the foregoing. The cost of preparing,  
26 issuing and marketing bonds or notes hereunder may also, in the discretion of the town treasurer,  
27 be met from bond or note proceeds exclusive of accrued interest or from other monies available  
28 therefor. Any balance of bond or note proceeds remaining after payment of the cost of the  
29 projects and the cost of preparing, issuing and marketing bonds or notes hereunder, shall be  
30 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the  
31 extent permitted by applicable federal laws, any earnings or net profit realized from the deposit or  
32 investment of funds hereunder may, upon receipt, be added to and dealt with as part of the  
33 revenues of the town from property taxes. In exercising any discretion under this section, the  
34 town treasurer shall be governed by any instructions adopted by resolution of the town council.

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

11           SECTION 9. Any bonds or notes issued under the provisions of this act, and coupons, if  
12 any, if properly executed by officers of the town in office on the date of execution, shall be valid  
13 and binding according to their terms notwithstanding that before the delivery thereof and payment  
14 therefor any or all of such officers shall for any reason have ceased to hold office.

15           SECTION 10. The town, acting by resolution of its town council, is authorized to apply  
16 for, contract for and expend any federal or state advances or other grants or assistance which may  
17 be available for the purposes of this act, and any such expenditures may be in addition to the  
18 monies provided in this act. To the extent of any inconsistency between any law of this state and  
19 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with  
20 interest where applicable, whether contracted for prior to or after the effective date of this act,  
21 may be repaid as project costs under section 2.

22           SECTION 11. Bonds and notes may be issued under this act without obtaining the  
23 approval of any governmental agency or the taking of any proceedings or the happening of any  
24 conditions except as specifically required by this act for such issue. In carrying out any project  
25 financed in whole or in part under this act, including where applicable the condemnation of any  
26 land or interest in land, and in the levy and collection of assessments or other charges permitted  
27 by law on account of any such project, all action shall be taken which is necessary to meet  
28 constitutional requirements whether or not such action is otherwise required by statute, but the  
29 validity of bonds and notes issued hereunder shall in no way depend upon the validity or  
30 occurrence of such action.

31           SECTION 12. The town treasurer and town manager, on behalf of the town, are hereby  
32 authorized to execute such instruments, documents or other papers as either of them deem  
33 necessary or desirable to carry out the intent of this act and are also authorized to take all actions  
34 and execute all instruments, documents or agreements necessary to comply with federal tax and

1 securities laws, which instruments, documents or agreements may have a term coextensive with  
2 the maturity of the bonds authorized hereby, including Rule 15c2-12 of the Securities and  
3 Exchange Commission (the "Rule") and to execute and deliver a continuing disclosure agreement  
4 or certificate in connection with the bonds or notes in the form as shall be deemed advisable by  
5 such officers in order to comply with the Rule.

6 SECTION 13. All or any portion of the authorized but unissued authority to issue bonds  
7 and notes under this act may be extinguished by resolution of the town council after seven (7)  
8 years shall have passed from the approval of this act provided for in section 14, without further  
9 action by the general assembly.

10 SECTION 14. At the general election to be held on November 6, 2018 or at a local  
11 election, other than a primary, to be held on a date designated by the town council, there shall be  
12 submitted to electors of the town a question in substantially the following form: "Shall An Act  
13 Passed at the 2018 Session of the General Assembly Entitled 'AN ACT AUTHORIZING THE  
14 TOWN OF SMITHFIELD TO ISSUE NOT TO EXCEED \$45,000,000 IN GENERAL  
15 OBLIGATION BONDS, NOTES AND OTHER EVIDENCE OF INDEBTEDNESS TO  
16 FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION,  
17 REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES  
18 THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A  
19 REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 40% FOR  
20 EXPENDITURES ELIGIBLE FOR REIMBURSEMENT' be approved?" and the warning for the  
21 election shall contain the question to be submitted. From the time the election is warned and until  
22 it is held, it shall be the duty of the town clerk to keep a copy of this act available at the clerk's  
23 office for public inspection, but the validity of the election shall not be affected by this  
24 requirement. To the extent of any inconsistency between this act and the town charter, this act  
25 shall prevail.

26 SECTION 15. Sections 14 and 15 of this act shall take effect upon passage. The  
27 remainder of this act shall take effect upon the approval of this act by a majority of those voting  
28 on the question at the election prescribed by section 14.

=====  
LC005934  
=====

EXPLANATION

OF

A N A C T

AUTHORIZING THE TOWN OF SMITHFIELD TO ISSUE NOT TO EXCEED \$45,000,000  
IN GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCE OF  
INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT,  
ALTERATION, REPAIR, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL  
FACILITIES THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE  
HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS  
THAN 40% FOR EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

\*\*\*

1           This act would authorize the town of Smithfield to issue not more than \$45,000,000  
2 bonds, notes and other evidences of indebtedness to finance the construction, renovation,  
3 improvement, alteration and repair, furnishing and equipping of schools and school facilities  
4 throughout the town, subject to approval of State Housing Aid at a reimbursement rate or state  
5 share ratio of not less than 40% for expenditures eligible for reimbursement.

6           Sections 14 and 15 of this act would take effect upon passage. The remainder of the act  
7 would take effect upon approval by the electors of the town of the question provided for in  
8 section 14.

=====  
LC005934  
=====