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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2019**

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**J O I N T   R E S O L U T I O N**

**AUTHORIZING THE ISSUANCE AND REFINANCING OF GARVEE BONDS**

Introduced By: Representatives Edwards, Bennett, Canario, Casey, and Maldonado

Date Introduced: March 21, 2019

Referred To: House Finance

(Dept. of Transportation)

1           SECTION 1. This joint resolution consists of joint resolutions submitted pursuant to  
2 chapter 18 of title 35.

3           SECTION 2. Refinancing of GARVEE Bonds.

4           WHEREAS, The Rhode Island Department of Transportation ("RIDOT") has  
5 undertaken five (5) major transportation projects, and these projects were either  
6 substantially completed or nearing completion in the year 2019; and

7           WHEREAS, The construction of these projects was deemed critical in order to preserve  
8 and maintain the public safety and continued economic success and viability of the state of Rhode  
9 Island, its ports and infrastructure; and

10          WHEREAS, RIDOT explored various options to finance the costs of the five (5) major  
11 transportation projects and determined that the federal-aid financing program authorized in  
12 federal law by Section 311 of the National Highway System Designation Act of 1995 and  
13 commonly referred to as the Grant Anticipation Revenue Vehicle Program ("GARVEE  
14 Program") represented the best financing mechanism for the state of Rhode Island in as much as  
15 the GARVEE Program accelerated the funding and construction of the five (5) major  
16 transportation projects; and

17          WHEREAS, The general assembly, in Chapter 376, Article 36, Section 8 of the Public  
18 Laws of 2003, authorized the Rhode Island Economic Development Corporation, now the Rhode  
19 Island commerce corporation ("commerce corporation"), to issue bonds ("GARVEE Bonds") or  
20 other debt instruments on behalf of RIDOT and such GARVEE Bonds are secured by future

1 appropriations for federal-aid transportation projects whereby such amounts are used to cover an  
2 assortment of bond-related costs, including principal and interest payments, issuance costs,  
3 insurance, and other costs incidental to financing; and

4 WHEREAS, GARVEE Bonds may be issued as special, limited obligations payable  
5 solely from federal transportation funds, subject to annual appropriation by the state, without a  
6 full faith and credit pledge by the state; and the holders of the GARVEE Bonds may not look to  
7 any other revenues of the commerce corporation, the state or RIDOT for the payment of the  
8 GARVEE Bonds; and

9 WHEREAS, The original Public Corporation Debt Management authorization in Article  
10 36 of the FY 2004 Budget as enacted included a total of seven hundred nine million six hundred  
11 thousand dollars (\$709,600,000) in GARVEE funding to be distributed across five (5) projects, as  
12 follows: one hundred twenty-six million two hundred thousand dollars (\$126,200,000) for the  
13 Sakonnet River Bridge; three hundred forty-eight million three hundred thousand dollars  
14 (\$348,300,000) for the Route I-195 Relocation; eighty-five million four hundred thousand dollars  
15 (\$85,400,000) for the Washington Bridge; forty-two million five hundred thousand dollars  
16 (\$42,500,000) for the Freight Rail Improvement Program (FRIP); and one hundred seven million  
17 two hundred thousand dollars (\$107,200,000) for Route 403; and

18 WHEREAS, Interest rates are at historical lows and the existing revenue available to  
19 RIDOT is insufficient to fund the necessary program to replace, reconstruct, and maintain Rhode  
20 Island's bridges and otherwise bring the state's transportation infrastructure into a state of good  
21 repair; and

22 WHEREAS, It would be in the best interests of the state to maximize all potential sources  
23 of revenue to provide a more robust infrastructure program; now, therefore be it

24 RESOLVED AND ENACTED, That the governor of the state of Rhode Island or the  
25 director of the department of transportation or the director of the department of administration or  
26 the chief executive officer or the chief operating officer of the commerce corporation each be and  
27 each hereafter are, acting singly, authorized and empowered by the general assembly to enter into  
28 a financing lease, guarantee, loan and trust agreement, indenture or other obligations or contracts  
29 or agreements and to take such other actions as such official shall deem necessary or appropriate  
30 in order to issue or facilitate the refinancing and restructuring by the commerce corporation of the  
31 previously issued GARVEE Bonds pursuant to the authorization granted in Chapter 376, Article  
32 36, Section 8 of the Public Laws of 2003; and be it further

33 RESOLVED, That the commerce corporation or any subsidiary thereof or other  
34 instrumentality, agency or quasi-public corporation otherwise authorized and empowered to

1 refinance and restructure the bonds specified in this Joint Resolution each be and each hereafter  
2 are, acting singly, authorized and empowered by the general assembly to provide for the  
3 necessary security for such bonds consistent with the provisions of this Joint Resolution,  
4 including any action to pledge, assign or otherwise transfer the right to receive all or any portion  
5 of future Federal Highway Administration (FHWA) appropriations for federal-aid transportation  
6 projects or other revenues permitted by the laws of the state of Rhode Island to secure or provide  
7 for the payment of any such GARVEE or other bonds; and be it further

8         RESOLVED, That notwithstanding the amount of total debt service referenced in  
9 Chapter 376, Article 36, Section 8 of the Public Laws of 2003 and Chapter 241, Article 7, Section  
10 5 of the Public Laws of 2012, any refinancing and restructuring may be structured to provide a  
11 net benefit to RIDOT with the approval of the governor; and be it further

12         RESOLVED, That no other changes in allocations or expenditure are authorized beyond  
13 the amendments included in this Joint Resolution; and be it further

14         RESOLVED, That this general assembly hereby approves refinancing and restructuring  
15 of the existing GARVEE Bonds in order to provide funding for critical and transportation  
16 infrastructure needs; and be it further

17         RESOLVED, That this joint resolution shall take effect immediately upon its passage by  
18 the general assembly.

19         SECTION 3. Issuance of GARVEE Bonds.

20         WHEREAS, The Rhode Island department of transportation ("the department") has  
21 completed a detailed review of available funding sources for transportation reconstruction,  
22 maintenance, and repair and has determined that the funding available to carry out an immediate  
23 program of bridge reconstruction and preventative maintenance (the "program") is insufficient;  
24 and

25         WHEREAS, The limitation in funding has occurred, in part, due to the absence of a state-  
26 funded capital investment program in transportation infrastructure, and the level funding of  
27 federal appropriations to the state, along with a reduction in federal funding through the  
28 elimination of federal earmarks and expiration of additional special federal funds; and

29         WHEREAS, Congress has enacted the Fixing America's Surface Transportation (FAST)  
30 Act, which provides an increase in available federal funding; and

31         WHEREAS, The department has explored various options to finance the costs of a robust  
32 infrastructure program and concluded that the federal-aid financing program authorized in federal  
33 law by Section 311 of the National Highway System Designation Act of 1995 and commonly  
34 referred to as the Grant Anticipation Revenue Vehicle Program ("GARVEE program") represents

1 the best financing mechanism for the state of Rhode Island inasmuch as the GARVEE program  
2 accelerates the funding available to ensure that more Rhode Island bridges do not become  
3 structurally deficient; and

4 WHEREAS, The GARVEE program allows a state to issue bonds ("GARVEE Bonds")  
5 or other debt instruments backed by future appropriations for federal-aid transportation projects  
6 whereby such amounts are used to cover an assortment of bond-related costs, including principal  
7 and interest payments, issuance costs, insurance, and other costs incidental to financing; and

8 WHEREAS, Among other advantages, GARVEE Bonds may be issued as special  
9 revenue bonds without a full faith and credit pledge by the state of Rhode Island; and

10 WHEREAS, This general assembly finds that the reconstruction, maintenance, and repair  
11 of the transportation infrastructure of the state is critical for economic development and the  
12 general welfare of both businesses and residents; and

13 WHEREAS, The general assembly has studied the issue of sustainable transportation  
14 funding and has determined that no single approach, instrument or method is able to provide  
15 sufficient revenue to maintain the state transportation system in a state of good repair; and

16 WHEREAS, The department has determined that GARVEE Bonds should be utilized to  
17 fund the bridge replacement, reconstruction, and maintenance component of the ten (10) year  
18 capital program known as RhodeWorks; and

19 WHEREAS, In connection with the issuance of GARVEE Bonds, the state of Rhode  
20 Island, acting by and through RIDOT, may elect to receive in lieu of certain monies which would  
21 otherwise have been received as reimbursement from FHWA for project costs for bridges in the  
22 RhodeWorks program, debt service payments to repay indebtedness in the form of bonds or notes  
23 issued to finance the costs of the construction and financing bridges in the RhodeWorks program;  
24 and

25 WHEREAS, The Rhode Island Public Corporation Debt Management Act (chapter 8 of  
26 title 35) requires the general assembly to provide its consent to the issuance of certain obligations  
27 for essential public facilities of the type referenced herein; and

28 WHEREAS, The design, construction, equipping and completion of these improvements  
29 will be financed in whole or in part through revenue bonds issued pursuant to the GARVEE  
30 program by the Rhode Island commerce corporation ("commerce corporation") or through  
31 revenue bonds issued pursuant to the GARVEE program by another agency, instrumentality or  
32 quasi-public corporation established by the state of Rhode Island now or hereafter and otherwise  
33 authorized and empowered pursuant to law to issue bonds of the type referenced herein for the  
34 types of projects enumerated herein, with such issuance having an expected term of fifteen (15)

1 years, and annual revenues for the operation and maintenance of the bridges to be included in the  
2 annual operating budget of RIDOT; and

3 WHEREAS, The capital costs and anticipated bond issuance amounts associated with  
4 these projects are estimated to be two hundred million dollars (\$200,000,000); now, therefore, be  
5 it

6 RESOLVED AND ENACTED, That the bridges in the RhodeWorks program are each  
7 essential public facilities and critical to ensure the economic viability of the citizens, businesses,  
8 transportation, marine trades and port facilities of the state of Rhode Island and otherwise in the  
9 best interests of the state of Rhode Island, and that this general assembly hereby approves  
10 financing not to exceed two hundred million dollars (\$200,000,000) in principal amount of  
11 GARVEE Bonds, the repayment of which shall be derived from and supported by FHWA funds  
12 due the state of Rhode Island. The term of the GARVEE Bonds shall not exceed fifteen (15) years  
13 and the total debt service on the GARVEE Bonds shall not exceed two hundred seventy-five  
14 million dollars (\$275,000,000); and be it further

15 RESOLVED, That the governor of the state of Rhode Island or the director of the  
16 department of transportation or the director of the department of administration or the chief  
17 executive officer or the chief operating officer of the commerce corporation each be and each  
18 hereafter are, acting singly, authorized and empowered by the general assembly to enter into a  
19 financing lease, guarantee, loan and trust agreement, indenture or other obligations or contracts or  
20 agreements and to take such other actions as such official shall deem necessary or appropriate in  
21 order to issue or facilitate the issuance of the GARVEE Bonds and to provide the commerce  
22 corporation or any subsidiary thereof or other instrumentality, agency or quasi-public corporation  
23 otherwise authorized and empowered to issue the bonds specified in this Joint Resolution for the  
24 RhodeWorks program with the necessary debt service payments up to the amount specified above  
25 and the necessary security for such bonds consistent with the provisions of this Joint Resolution,  
26 including any action to pledge, assign or otherwise transfer the right to receive all or any portion  
27 of future FHWA appropriations for federal-aid transportation projects or other revenues permitted  
28 by the laws of the state of Rhode Island to secure or provide for the payment of any such  
29 GARVEE Bonds; and be it further

30 RESOLVED, That this joint resolution shall take effect immediately upon its passage.

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