

2019 -- S 0633 SUBSTITUTE A

LC002196/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

J O I N T R E S O L U T I O N

AUTHORIZING THE ISSUANCE OF GARVEE BONDS

Introduced By: Senators Goodwin, and Ruggerio

Date Introduced: March 19, 2019

Referred To: Senate Finance

(Dept. of Transportation)

1 SECTION 1. This joint resolution is submitted pursuant to chapter 18 of title 35.

2 SECTION 2. Issuance of GARVEE Bonds.

3 WHEREAS, The Rhode Island department of transportation ("the department") has
4 completed a detailed review of available funding sources for transportation reconstruction,
5 maintenance, and repair and has determined that the funding available to carry out an immediate
6 program of bridge reconstruction and preventative maintenance (the "program") is insufficient;
7 and

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

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

14 WHEREAS, The department has explored various options to finance the costs of a robust
15 infrastructure program and concluded that the federal-aid financing program authorized in federal
16 law by Section 311 of the National Highway System Designation Act of 1995 and commonly
17 referred to as the Grant Anticipation Revenue Vehicle Program ("GARVEE program") represents
18 the best financing mechanism for the state of Rhode Island inasmuch as the GARVEE program
19 accelerates the funding available to ensure that more Rhode Island bridges do not become
20 structurally deficient; and

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

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

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

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

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

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

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

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

34 WHEREAS, The capital costs and anticipated bond issuance amounts associated with

1 these projects are estimated to be two hundred million dollars (\$200,000,000); now, therefore, be
2 it

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

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

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

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