

2020 -- S 2865

LC005413

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

AUTHORIZING THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$56,000,000 GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION, REPAIR, LANDSCAPING, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEARS 2022 THROUGH 2026, SUBJECT TO APPROVAL OF STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 35% AT THE TIME OF ISSUANCE AND PROVIDED THAT THE AUTHORIZATION SHALL BE REDUCED BY THE AMOUNT OF CERTAIN GRANTS RECEIVED FROM STATE BOND PROCEEDS, FROM THE RHODE ISLAND DEPARTMENT OF EDUCATION OR FROM THE RHODE ISLAND SCHOOL BUILDING AUTHORITY

Introduced By: Senator Michael J. McCaffrey

Date Introduced: June 12, 2020

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Warwick is hereby authorized, in addition to authority previously
2 granted, to issue bonds and other evidences of indebtedness (hereinafter "bonds") up to an amount
3 not exceeding fifty-six million dollars (\$56,000,000) from time to time under its corporate name
4 and seal or a facsimile of such seal; provided, however, that bonds shall not be issued unless the
5 conditions of section 2 hereof as to the level of state aid are met. The bonds of each issue may be
6 issued in the form of serial bonds or term bonds or a combination thereof and shall be payable
7 either by maturity of principal in the case of serial bonds or by mandatory sinking fund installments
8 in the case of term bonds, in annual installments of principal, the first installment to be not later
9 than five (5) years and the last installment not later than thirty (30) years after the date of the bonds.
10 All such bonds of a particular issue may be issued in the form of zero coupon bonds, capital
11 appreciation bonds, serial bonds or term bonds or a combination thereof. The amount of principal
12 appreciation each year on any bonds, after the date of original issuance, shall not be considered to
13 be principal indebtedness for the purposes of any constitutional or statutory debt limit or any other

1 limitation. The appreciation of principal after the date of original issue shall be considered interest.
2 Only the original principal amount shall be counted in determining the principal amount so issued
3 and any interest component shall be disregarded.

4 SECTION 2. The city may be eligible for school housing aid reimbursement on debt
5 service pursuant to chapter 7 of title 16, or for a grant, loan or other financial assistance from
6 proceeds of bonds issued by the state of Rhode Island (the "state"), from the Rhode Island
7 Department of Education ("RIDE") or from the Rhode Island School Building Authority. The
8 amount of borrowing authorized pursuant to this act shall be reduced by the amount of certain
9 grants actually received by the city from state bond proceeds, from RIDE or from the Rhode Island
10 School Building Authority; provided however, that the amount of borrowing authorized shall not
11 be reduced by the amount of any grant received by the city for any portion of the projects funded
12 by capital reserve funds. Bonds, notes or other evidences of indebtedness shall not be issued
13 under this act unless the city has received a letter from RIDE confirming that the then-current school
14 housing aid reimbursement rate under chapter 7 of title 16, as amended from time to time, or
15 financial assistance from the School Building Authority Capital Fund, or pursuant to any other law
16 hereafter enacted providing for funds to municipalities for school housing purposes, is not less than
17 thirty-five percent (35%) of debt service for those expenditures which are eligible for state aid.

18 SECTION 3. The bonds shall be signed by the city treasurer and by the manual or facsimile
19 signature of the mayor and be issued and sold in such amounts as the city council may determine
20 by resolution. The manner of sale, denominations, maturities, interest rates and other terms,
21 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings
22 of the city council authorizing the issue or by separate resolution of the city council or, to the extent
23 provisions for these matters are not so made, they may be fixed by the officers authorized to sign
24 the bonds or notes. Notwithstanding anything contained in this act to the contrary, the city may
25 enter into financing agreements with the Rhode Island Health and Educational Building
26 Corporation pursuant to chapter 7 of title 16 and chapter 38.1 of title 45 and, with respect to bonds
27 or notes issued in connection with such financing agreements, if any, the city may elect to have the
28 provisions of chapter 38.1 of title 45 apply to the issuance of the bonds or notes issued hereunder
29 to the extent the provisions of chapter 38.1 of title 45 are inconsistent herewith. In addition, the city
30 may enter into financing agreements with the Rhode Island Infrastructure Bank pursuant to the
31 provisions of chapter 12.2 of title 46 and, with respect to bonds or notes issued in connection with
32 such financing agreements, if any, the city may elect to have the provisions of chapter 12.2 of title
33 46 apply to the issuance of the bonds or notes issued hereunder to the extent the provisions of
34 chapter 12.2 of title 46 are inconsistent herewith. Such election may be fixed by the proceedings of

1 the city council authorizing such issuance or by separate resolution of the city council, or, to the
2 extent provisions for these matters are not so made, they may be fixed by the officers authorized to
3 sign the bonds or notes. The proceeds derived from the sale of the bonds shall be delivered to the
4 city treasurer, and such proceeds, exclusive of premiums and accrued interest, shall be expended:
5 (1) For the construction, renovation, improvement, alteration, repair, landscaping, furnishing and
6 equipping of schools and school facilities throughout the city of Warwick and all costs related
7 thereto, to fund the capital improvement program for the fiscal years 2022 through 2026 (the
8 “projects”); (2) In payment of the principal of or interest on temporary notes issued under section
9 4; (3) In repayment of advances under section 5; (4) In payment of related costs of issuance of any
10 bonds or notes; and/or (5) In payment of capitalized interest during construction of the projects.
11 The city, however, is not required to issue the bonds and notes authorized by this act during the
12 fiscal years ending June 30, 2022 through June 30, 2026, but rather may issue them at any time, or
13 from time to time. No purchaser of any bonds or notes under this act shall be in any way responsible
14 for the proper application of the proceeds derived from the sale thereof. The proceeds of bonds or
15 notes issued under this act, any applicable federal or state assistance and the other monies referred
16 to in sections 7 and 10 shall be deemed appropriated for the purposes of this act without further
17 action than that required by this act. The bonds authorized by this act may be consolidated for the
18 purpose of issuance and sale with any other bonds of the city heretofore or hereafter authorized,
19 provided that, notwithstanding any such consolidation, the proceeds from the sale of the bonds
20 authorized by this act shall be expended for the purposes set forth above.

21 SECTION 4. The city council may by resolution authorize the issuance from time to time
22 of interest bearing or discounted notes in anticipation of the issue of bonds under section 3 or in
23 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of original
24 notes issued in anticipation of bonds may not exceed the amount of bonds which may be issued
25 under this act and the amount of original notes issued in anticipation of federal or state aid may not
26 exceed the amount of available federal or state aid as estimated by the city treasurer. Temporary
27 notes issued hereunder shall be signed by the manual or facsimile signatures of the city treasurer
28 and the mayor and shall be payable within five (5) years from their respective dates, but the
29 principal of and interest on notes issued for a shorter period may be renewed or paid from time to
30 time by the issue of other notes hereunder, provided the period from the date of an original note to
31 the maturity of any note issued to renew or pay the same debt or the interest thereon shall not exceed
32 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be
33 refunded prior to the maturity of the notes by the issuance of additional temporary notes, provided
34 that no such refunding shall result in any amount of such temporary notes outstanding at any one

1 time in excess of two hundred percent (200%) of the amount of bonds which may be issued under
2 this act, and provided further that if the issuance of any such refunding notes results in any amount
3 of such temporary notes outstanding at any one time in excess of the amount of bonds which may
4 be issued under this act, the proceeds of such refunding notes shall be deposited in a separate fund
5 established with the bank which is the paying agent for the notes being refunded. Pending their use
6 to pay the notes being refunded, monies in the fund shall be invested for the benefit of the city by
7 the paying agent at the direction of the city treasurer in any investment permitted under section 6.
8 The monies in the fund and any investments held as a part of the fund shall be held in trust and
9 shall be applied by the paying agent solely to the payment or prepayment of the principal of and
10 interest on the notes being refunded. Upon payment of all principal of and interest on the notes, any
11 excess monies in the fund shall be distributed to the city. The city may pay the principal of and
12 interest on notes in full from other than the issuance of refunding notes prior to the issuance of
13 bonds pursuant to section 1 hereof. In such case, the city's authority to issue bonds or notes in
14 anticipation of bonds under this act shall continue provided that: (1) The city council passes a
15 resolution evidencing the city's intent to pay off the notes without extinguishing the authority to
16 issue bonds or notes; and (2) That the period from the date of an original note to the maturity date
17 of any other note shall not exceed five (5) years.

18 SECTION 5. Pending any authorization or issue of bonds hereunder or pending or in lieu
19 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city
20 council may, to the extent that bonds or notes may be issued hereunder, apply funds in the general
21 treasury of the city to the purposes specified in section 3, such advances to be repaid without interest
22 from the proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal
23 or state assistance or from other available funds.

24 SECTION 6. Any proceeds of bonds or notes issued hereunder or of any applicable federal
25 or state assistance, pending their expenditure may be deposited or invested by the city treasurer, in
26 demand deposits, time deposits or savings deposits in banks which are members of the Federal
27 Deposit Insurance Corporation or in obligations issued or guaranteed by the United States of
28 America or by any agency or instrumentality thereof or as may be provided in any other applicable
29 law of the state of Rhode Island or resolution of the city council or pursuant to an investment policy
30 of the city.

31 SECTION 7. Any accrued interest received upon the sale of bonds or notes hereunder shall
32 be applied to the payment of the first interest due thereon. Any premiums arising from the sale of
33 bonds or notes hereunder and, to the extent permitted by applicable federal laws, any net earnings
34 or profits realized from the deposit or investment of funds hereunder shall, in the discretion of the

1 city treasurer, be applied to the cost of preparing, issuing, and marketing bonds or notes hereunder
2 to the extent not otherwise provided, to the payment of the cost of the projects, to the payment of
3 the principal of or interest on bonds or notes issued hereunder, to the revenues of the city and dealt
4 with as part of the revenues of the city from property taxes to the extent permitted by federal law,
5 or to any one or more of the foregoing. The cost of preparing, issuing, and marketing bonds or notes
6 hereunder may also, in the discretion of the city treasurer, be met from bond or note proceeds
7 exclusive of premium and accrued interest or from other monies available therefor. Any balance of
8 bond or note proceeds remaining after payment of the cost of the projects and the cost of preparing,
9 issuing and marketing bonds or notes hereunder shall be applied to the payment of the principal of
10 or interest on bonds or notes issued hereunder. To the extent permitted by applicable federal laws,
11 any earnings or net profit realized from the deposit or investment of funds hereunder may, upon
12 receipt, be added to and dealt with as part of the revenues of the city from property taxes. In
13 exercising any discretion under this section, the city treasurer shall be governed by any instructions
14 adopted by resolution of the city council.

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

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

29 SECTION 10. The city, acting by resolution of its city council is authorized to apply for,
30 contract for and expend any federal or state advances or other grants of assistance which may be
31 available for the purposes of this act, and any such expenditures may be in addition to other monies
32 provided in this act. To the extent of any inconsistency between any law of this state and any
33 applicable federal law or regulation, the latter shall prevail. Federal and state advances, with interest
34 where applicable, whether contracted for prior to or after the effective date of this act, may be

1 repaid as a cost of the projects under section 3.

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

10 SECTION 12. The city treasurer and the mayor, on behalf of the city are hereby authorized
11 to execute such instruments, documents or other papers as either of them deem necessary or
12 desirable to carry out the intent of this act and are also authorized to take all actions and execute all
13 documents necessary to comply with federal tax and securities laws, which documents or
14 agreements may have a term coextensive with the maturity of the bonds authorized hereby,
15 including Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to execute
16 and deliver a continuing disclosure agreement or certificate in connection with the bonds or notes
17 in the form as shall be deemed advisable by such officers in order to comply with the Rule.

18 SECTION 13. All or any portion of the authorized but unissued authority to issue bonds
19 and notes under this act may be extinguished by resolution of the city council, without further action
20 by the general assembly, seven (7) years after the effective date of this act.

21 SECTION 14. The question of the approval of this act shall be submitted to the electors of
22 the city at the general election to be held on November 3, 2020 or, if so determined by the city
23 council, at a special city-wide election, other than a primary, held on a date to be determined by
24 resolution of the city council. The question shall be submitted in substantially the following form:
25 "Shall an act passed at the 2020 session of the general assembly entitled 'AN ACT AUTHORIZING
26 THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$56,000,000 GENERAL
27 OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF INDEBTEDNESS TO
28 FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT, ALTERATION,
29 REPAIR, LANDSCAPING, FURNISHING AND EQUIPPING OF SCHOOLS AND SCHOOL
30 FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL IMPROVEMENT
31 PROGRAM FOR THE FISCAL YEARS 2022 THROUGH 2026, SUBJECT TO APPROVAL OF
32 STATE HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT
33 LESS THAN 35% AT THE TIME OF ISSUANCE AND PROVIDED THAT THE
34 AUTHORIZATION SHALL BE REDUCED BY THE AMOUNT OF CERTAIN GRANTS

1 RECEIVED FROM STATE BOND PROCEEDS, FROM THE RHODE ISLAND
2 DEPARTMENT OF EDUCATION OR FROM THE RHODE ISLAND SCHOOL BUILDING
3 AUTHORITY' be approved?" and the warning for the election shall contain the question to be
4 submitted. From the time the election is warned and until it is held, it shall be the duty of the city
5 clerk to keep a copy of the act available at the clerk's office for public inspection, but the validity
6 of the election shall not be affected by this requirement. To the extent of any inconsistency between
7 this act and the city charter or any law of special applicability to the city, this act shall prevail.

8 SECTION 15. This act shall constitute an enabling act of the general assembly that is
9 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under
10 this act for school projects shall not be eligible for state aid reimbursement pursuant to § 16-7-44
11 unless the school projects described herein have been approved by RIDE.

12 SECTION 16. This section 16 and sections 14 and 15 of this act shall take effect upon
13 passage. The remainder of this act shall take effect upon the approval of this act by a majority of
14 those voting on the question at the election prescribed by section 14.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

AUTHORIZING THE CITY OF WARWICK TO ISSUE NOT TO EXCEED \$56,000,000
GENERAL OBLIGATION BONDS, NOTES AND OTHER EVIDENCES OF
INDEBTEDNESS TO FINANCE THE CONSTRUCTION, RENOVATION, IMPROVEMENT,
ALTERATION, REPAIR, LANDSCAPING, FURNISHING AND EQUIPPING OF SCHOOLS
AND SCHOOL FACILITIES THROUGHOUT THE CITY, TO FUND THE CAPITAL
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GRANTS RECEIVED FROM STATE BOND PROCEEDS, FROM THE RHODE ISLAND
DEPARTMENT OF EDUCATION OR FROM THE RHODE ISLAND SCHOOL BUILDING
AUTHORITY

1 This act would authorize the city of Warwick to issue up to fifty-six million dollars
2 (\$56,000,000) in bonds/notes for schools/school facilities upon voter approval.

3 Sections 14, 15, and 16 of this act would take effect upon passage. The remainder of this
4 act would take effect upon the approval of this act by a majority of those voting on the question at
5 the election prescribed by section 14.

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