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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE DESIGN, CONSTRUCTION, REPAIR, REHABILITATION AND IMPROVEMENT OF STREETS, SIDEWALKS AND BRIDGES IN THE CITY, INCLUDING BUT NOT LIMITED TO, PAVING, DRAINAGE, TRAFFIC CONTROL DEVICES, ROAD MAINTENANCE EQUIPMENT, SAFETY IMPROVEMENTS AND LANDSCAPING AND ALL COSTS INCIDENTAL OR RELATED THERETO BY THE ISSUANCE OF NOT MORE THAN \$10,000,000 GENERAL OBLIGATION BONDS AND NOTES THEREFOR

Introduced By: Senators Gallo, Miller, and Lombardi

Date Introduced: June 18, 2020

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The city of Cranston is hereby empowered, in addition to authority
2 previously granted, to issue bonds to an amount not exceeding ten million dollars (\$10,000,000)
3 from time to time under its corporate name and seal or a facsimile of such seal. The bonds of each
4 issue shall mature in annual installments of principal, the first installment to be not later than five
5 (5) years and the last installment not later than thirty (30) years after the date of the bonds. All such
6 bonds of a particular issue may be issued in the form of zero coupon bonds, capital appreciation
7 bonds, serial bonds or term bonds or a combination thereof. Annual installments of principal may
8 be provided for by maturity of principal in the case of serial bonds or by mandatory sinking fund
9 installments in the case of term bonds. The amount of principal appreciation each year on any
10 bonds, after the date of original issuance, shall not be considered to be principal indebtedness for
11 the purposes of any constitutional, statutory, or charter debt limit or any other limitation. The
12 appreciation of principal after the date of original issue shall be considered interest. Only the
13 original principal amount shall be counted in determining the principal amount so issued and any
14 interest component shall be disregarded.

15 SECTION 2. The bonds shall be signed by the manual or facsimile signatures of the
16 director of finance and the mayor and shall be issued and sold in such amounts as the city council

1 may authorize. The manner of sale, denominations, maturities, interest rates and other terms,
2 conditions and details of any bonds or notes issued under this act may be fixed by the proceedings
3 of the city council authorizing the issue or by separate order or resolution of the city council or, to
4 the extent provisions for these matters are not so made, they may be fixed by the officers authorized
5 to sign the bonds or notes. Interest coupons (if any) shall bear the facsimile signature of the director
6 of finance. The proceeds derived from the sale of the bonds shall be delivered to the city treasurer,
7 and such proceeds, exclusive of premiums and accrued interest, shall be expended: (1) To finance
8 the design, construction, repair, rehabilitation and improvement of streets, sidewalks and bridges
9 in the city, including but not limited to, paving, drainage, traffic control devices, road maintenance
10 equipment, safety improvements and landscaping and all costs incidental or related thereto; or (2)
11 In payment of the principal of or interest on temporary notes issued under section 3; or (3) In
12 repayment of advances under section 4; (4), In payment of costs of issuance associated with the
13 issuance of bonds or notes hereunder; and/or (5) To finance capitalized interest on the projects. No
14 purchaser of any bonds or notes under this act shall be in any way responsible for the proper
15 application of the proceeds derived from the sale thereof. The proceeds of bonds or notes issued
16 under this act, any applicable federal or state assistance and the other monies referred to in sections
17 6 and 9 shall be deemed appropriated for the purposes of this act without further action than that
18 required by this act. In addition to such funds, there may be expended for the purposes of this act
19 such other sums as may be appropriated therefor. The bonds authorized by this act may be
20 consolidated for the purposes of issuance and sale with any other bonds of the city heretofore or
21 hereafter authorized, provided that notwithstanding any such consolidation, the proceeds from the
22 sale of the bonds authorized by this act shall be expended for the purposes set forth above. The
23 director of finance and the mayor, on behalf of the city, are hereby authorized to execute such
24 instruments, documents or other papers as either of them deem necessary or desirable to carry out
25 the intent of this act and are also authorized to take all actions and execute all documents or
26 agreements necessary to comply with federal tax and securities laws, which documents or
27 agreements may have a term coextensive with the maturity of the bonds authorized hereby,
28 including Rule 15c2-12 of the Securities and Exchange Commission and to execute and deliver a
29 continuing disclosure agreement or certificate in connection with the bonds or notes.

30 SECTION 3. The city council may, by order or resolution authorizing the bonds or by
31 separate order or resolution, authorize the issuance from time to time of interest bearing or
32 discounted notes in anticipation of the issue of bonds under section 2 or in anticipation of the receipt
33 of federal or state aid for the purposes of this act. The amount of original notes issued in
34 anticipation of bonds may not exceed the amount of bonds which may be issued under this act and

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

28 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
29 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city
30 council given by an order or resolution, may, to the extent that bonds or notes may be issued
31 hereunder, apply funds in the treasury of the city to the purposes specified in section 2, such
32 advances to be repaid without interest from the proceeds of bonds or notes subsequently issued or
33 from the proceeds of applicable federal or state assistance or from other available funds.

34 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable federal

1 or state assistance, pending their expenditure, and may be deposited or invested by the city treasurer
2 in demand deposits, time deposits or savings deposits in banks which are members of the Federal
3 Deposit Insurance Corporation or in obligations issued or guaranteed by the United States of
4 America or by any agency or instrumentality thereof or as may be provided in any other applicable
5 laws of the state of Rhode Island and by ordinance or resolution of the city council or pursuant to
6 an investment policy of the city.

7 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder shall
8 be applied to the payment of the first interest due thereon. Any net earnings or profits realized from
9 the investment of funds hereunder and any premiums arising from the sale of bonds or notes
10 hereunder shall, in the discretion of the city treasurer, be applied to the cost of preparing, issuing
11 and marketing bonds or notes hereunder to the extent not otherwise provided, to the payment of the
12 cost of the projects or the cost of additional improvements coming within the description of the
13 projects in section 2 of this act, to the payment of the principal of or interest on bonds or notes
14 issued hereunder, or to any one or more of the foregoing. The cost of preparing, issuing and
15 marketing bonds or notes hereunder may also, in the discretion of the city treasurer, be met from
16 bond or note proceeds exclusive of premium and accrued interest or from other monies available
17 therefor. Any balance of bond or note proceeds remaining after payment of the cost of the projects
18 and the cost of additional improvements coming within the description of the projects in section 2
19 of this act, and the cost of preparing, issuing and marketing bonds or notes hereunder shall be
20 applied to the payment of the principal of or interest on bonds or notes issued hereunder. To the
21 extent permitted by applicable federal law, any earnings or net profit realized from the deposit or
22 investment of funds hereunder may upon receipt be added to and dealt with as part of the revenues
23 of the city from property taxes. In exercising any discretion under this section, the city treasurer
24 shall be governed by any instructions adopted by any order or resolution of the city council.

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

1 SECTION 8. Any bonds or notes issued under the provisions of this act, and coupons, if
2 any, if properly executed by the officers of the city in office on the date of execution, shall be valid
3 and binding according to their terms notwithstanding that before the delivery thereof and payment
4 therefor any or all of the officers shall for any reason have ceased to hold office.

5 SECTION 9. The city, acting by order or resolution of its city council is authorized to
6 apply for, contract for and expend any federal or state advances or other grants of assistance which
7 may be available for the purposes of this act, and any such expenditures may be in addition to other
8 monies provided in this act. To the extent of any inconsistency between any law of this state and
9 any applicable federal law or regulation, the latter shall prevail. Federal and state advances, with
10 interest where applicable, whether contracted for prior to or after the effective date of this act, may
11 be repaid as projects costs under section 2 of this act.

12 SECTION 10. Bonds and notes may be issued under this act without obtaining approval
13 of any governmental agency or the taking of any proceedings or the happening of any conditions
14 except as specifically required by this act for such issue. In carrying out any projects financed in
15 whole or in part under this act, including where applicable the condemnation of any land or interest
16 in land, and in the levy and collection of assessments or other charges permitted by law on account
17 of any such projects, all action shall be taken which is necessary to meet constitutional requirements
18 whether or not such action is otherwise required by statute, but the validity of bonds or notes issued
19 hereunder shall in no way depend upon the validity or occurrence of such action.

20 SECTION 11. All or any portion of the authorized but unissued authority to issue bonds
21 and notes under this act may be extinguished by resolution or order of the city council, without
22 further action by the general assembly, seven (7) years after the effective date of this act.

23 SECTION 12. The question of the approval of this act shall be submitted to the electors
24 of the city at the general election to be held on November 3, 2020 or, if so determined by the city
25 council, at a special city-wide election, other than a primary, held on a date to be determined by
26 resolution or order of the city council. The question shall be submitted in substantially the following
27 form: "Shall an act, passed at the 2020 session of the general assembly, entitled 'AN ACT
28 AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE DESIGN, CONSTRUCTION,
29 REPAIR, REHABILITATION AND IMPROVEMENT OF STREETS, SIDEWALKS AND
30 BRIDGES IN THE CITY, INCLUDING, BUT NOT LIMITED TO, PAVING, DRAINAGE,
31 TRAFFIC CONTROL DEVICES, ROAD MAINTENANCE EQUIPMENT, SAFETY
32 IMPROVEMENTS AND LANDSCAPING AND ALL COSTS INCIDENTAL OR RELATED
33 THERETO BY THE ISSUANCE OF NOT MORE THAN \$10,000,000 GENERAL
34 OBLIGATION BONDS AND NOTES THEREFOR' be approved?" and the warning for the

1 election shall contain the question to be submitted. From the time the election is warned and until
2 it is held, it shall be the duty of the city clerk to keep a copy of the act available at the city clerk's
3 office for public inspection, but the validity of the election shall not be affected by this requirement.
4 To the extent of any inconsistency between this act and the city charter, this act shall prevail.

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

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EXPLANATION

OF

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO FINANCE THE DESIGN, CONSTRUCTION, REPAIR, REHABILITATION AND IMPROVEMENT OF STREETS, SIDEWALKS AND BRIDGES IN THE CITY, INCLUDING BUT NOT LIMITED TO, PAVING, DRAINAGE, TRAFFIC CONTROL DEVICES, ROAD MAINTENANCE EQUIPMENT, SAFETY IMPROVEMENTS AND LANDSCAPING AND ALL COSTS INCIDENTAL OR RELATED THERETO BY THE ISSUANCE OF NOT MORE THAN \$10,000,000 GENERAL OBLIGATION BONDS AND NOTES THEREFOR

1 This act would authorize the city of Cranston to issue not more than Ten Million Dollars
2 (\$10,000,000) general obligation bonds and temporary notes for the design, construction, repair,
3 rehabilitation and improvement of streets, sidewalks and bridges in the city, including but not
4 limited to, paving, drainage, traffic control devices, road maintenance equipment, safety
5 improvements and landscaping and all costs incidental or related thereto.

6 Sections 12 and 13 of the act would take effect upon passage. The remainder of the act
7 would take effect upon approval by the electors of the city of the question provided for in section
8 12.

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