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LC03275
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO ISSUE NOT MORE THAN \$900,000 BONDS AND NOTES (NOT MORE THAN \$600,000 OF WHICH SHALL BE USED TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW PUBLIC LIBRARY BRANCH IN THE ARLINGTON SECTION OF THE CITY AND NOT LESS THAN \$300,000 OF WHICH SHALL BE USED TO FINANCE REPAIRS, RENOVATIONS AND UPGRADES AND EQUIPMENT FOR ALL PUBLIC LIBRARIES)

Introduced By: Senators Lanzi, Roberts, and Gallo

Date Introduced: May 25, 2006

Referred To: Senate Commerce, Housing & Municipal Government

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 nine hundred thousand dollars
3 (\$900,000) from time to time under its corporate name and seal or a facsimile of such seal. The
4 bonds of each issue shall mature in annual installments of principal, the first installment to be not
5 later than three (3) years and the last installment not later than thirty (30) years after the date of
6 the bonds. All such bonds of a particular issue may be issued in the form of zero coupon bonds,
7 capital appreciation bonds, serial bonds, or term bonds, or a combination thereof. Annual
8 installments of principal may be provided for by maturity of principal in the case of serial bonds
9 or by mandatory serial redemption in the case of term bonds. The amount of principal
10 appreciation each year on any bonds, after the date of original issuance, shall not be considered to
11 be principal indebtedness for the purposes of any constitutional, statutory, or charter debt limit or
12 any other limitation. The appreciation of principal after the date of original issue shall be
13 considered interest. Only the original principal amount shall be counted in determining the
14 principal amount so issued and any 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
5 authorized to sign the bonds or notes. Interest coupons (if any) shall bear the facsimile signature
6 of the director of finance. The proceeds derived from the sale of the bonds shall be delivered to
7 the city treasurer, and such proceeds, exclusive of premiums and accrued interest shall be
8 expended (a) not more than \$600,000 of which shall be used to finance the acquisition,
9 construction and equipping of a new public library branch in the Arlington section of the city and
10 not less than \$300,000 of which shall be used to finance repairs, renovations and upgrades and
11 equipment for all public libraries, but for no other uses or purposes (such as temporary
12 borrowings for the benefit of any other city department), or (b) in payment of the principal of or
13 interest on temporary notes issued under Section Three, or (c) in repayment of advances under
14 Section Four. No purchaser of any bonds or notes under this act shall be in any way responsible
15 for the proper application of the proceeds derived from the sale thereof. The proceeds of bonds or
16 notes issued under this act, any applicable federal or state assistance and the other moneys
17 referred to in sections six and nine shall be deemed appropriated for the purposes of this act
18 without further action than that required by this act. In addition to such funds, there may be
19 expended for the purposes of this act such other sums as may be appropriated therefor. The bond
20 issue authorized by this act may be consolidated for the purposes of issuance and sale with any
21 other bond issue of the city heretofore or hereafter authorized, provided that notwithstanding any
22 such consolidation, the proceeds from the sale of the bonds authorized by this act shall be
23 expended for the purposes set forth above.

24 SECTION 3. The city council may, by order or resolution authorizing the bonds or by
25 separate order or resolution, authorize the issuance from time to time of interest bearing or
26 discounted notes in anticipation of the issue of the bonds under Section Two or in anticipation of
27 the receipt of federal or state aid for the purposes of this act. The amount of the original notes
28 issued in anticipation of the bonds may not exceed the amount of bonds which may be issued
29 under this act and the amount of original notes issued in anticipation of federal or state aid may
30 not exceed the amount of available federal or state aid as estimated by the director of finance.
31 Temporary notes issued hereunder shall be signed by the manual or facsimile signature of the
32 director of finance and countersigned by the manual or facsimile signature of the mayor and shall
33 be payable within five (5) years from their respective dates, but the principal of and interest on
34 notes issued for a shorter period may be renewed or paid from time to time by the issue of other

1 notes hereunder, provided the period from the date of an original note to the maturity of any note
2 issued to renew or pay the same debt or the interest thereon shall not exceed five (5) years. Any
3 temporary notes in anticipation of the bonds issued under this section may be refunded prior to
4 the maturity of the notes by the issuance of additional temporary notes, provided that no such
5 refunding shall result in any amount of such temporary notes outstanding at any one (1) time in
6 excess of two hundred percent (200%) of the amount of bonds which may be issued under this
7 act, and provided further that if the issuance of any such refunding notes results in any amount of
8 such temporary notes outstanding at any one (1) time in excess of the amount of bonds which
9 may be issued under this act, the proceeds of such refunding notes shall be deposited in a separate
10 fund established with the bank that is paying agent for the notes being refunded. Pending their use
11 to pay the notes being refunded, moneys in the fund shall be invested for the benefit of the city by
12 the paying agent at the direction of the city treasurer in any investment permitted under Section
13 Five. The moneys in the fund and any investments held as a part of the fund shall be held in trust
14 and shall be applied by the paying agent solely to the payment or prepayment of the principal of
15 and interest on the notes being refunded. Upon payment of all principal of and interest on the
16 notes, any excess moneys in the fund shall be distributed to the city.

17 SECTION 4. Pending any authorization or issue of bonds hereunder or pending or in lieu
18 of any authorization or issue of notes hereunder, the city treasurer, with the approval of the city
19 council given by an order or resolution passed and approved in the manner provided in Chapter
20 12 of the city charter, but not subject to the provisions of Section 12.03 of said Chapter, may, to
21 the extent that bonds or notes may be issued hereunder, apply funds in the treasury of the city to
22 the purposes specified in Section Two, such advances to be repaid without interest from the
23 proceeds of bonds or notes subsequently issued or from the proceeds of applicable federal or state
24 assistance or from other available funds.

25 SECTION 5. Any proceeds of bonds or notes issued hereunder or of any applicable
26 federal or state assistance, pending their expenditure, and subject to the approval of the
27 investment committee mentioned in Section 7.05 of the city charter, may be deposited or invested
28 by the city treasurer in demand deposits, time deposits or saving deposits in banks which are
29 members of the Federal Deposit Insurance Corporation or in obligations issued or guaranteed by
30 the United States of America or by any agency or instrumentality thereof or as may be provided
31 in any other applicable law of the state of Rhode Island and by ordinance or resolution of the city
32 council.

33 SECTION 6. Any accrued interest received upon the sale of bonds or notes hereunder
34 shall be applied to the payment of the first interest due thereon. Any net earnings or profits

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

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

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

32 SECTION 9. The city, acting by order or resolution of its city council, passed and
33 approved in the manner provided in chapter 12 of the city charter, but not subject to the provision
34 of Section 12.03 of said chapter, is authorized to apply for, contract for and expend any federal or

1 state advances or other grants of assistance which may be available for the purposes of this act,
2 and any such expenditures may be in addition to other moneys provided in this act. To the extent
3 of any inconsistency between any law of this state and any applicable federal law or regulation,
4 the latter shall prevail. Federal and state advances, with interest where applicable, whether
5 contracted for, prior to or after the effective date of this act, may be repaid as project cost under
6 section two of this act.

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

15 SECTION 11. The question of the approval of this act shall be submitted to the electors
16 of the city at the general election to be held on November 7, 2006. The question shall be
17 submitted in substantially the following form: "Shall an act, passed at the 2006 session of the
18 general assembly entitled 'An Act Authorizing the City of Cranston to Issue Not More than
19 \$900,000 Bonds and Notes (not more than \$600,000 of which shall be used to finance the
20 acquisition, construction and equipping of a new public library branch in the Arlington section of
21 the city and not less than \$300,000 of which shall be used to finance repairs, renovations and
22 upgrades and equipment for all public libraries)' be approved?" and the warning for the election
23 shall contain the question to be submitted. From the time the election is warned and until it is
24 held, it shall be the duty of the city clerk to keep a copy of the act available at the city clerk's
25 office for public inspection, but the validity of the election shall not be affected by this
26 requirement. To the extent of any inconsistency between this act and the city charter, this act
27 shall prevail.

28 SECTION 12. This section and the foregoing section shall take effect upon the passage of
29 the act. The remainder of this act shall take effect upon the approval of the act by a majority of
30 those voting on the question at the election prescribed by the foregoing section.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL

OF

A N A C T

AUTHORIZING THE CITY OF CRANSTON TO ISSUE NOT MORE THAN \$900,000 BONDS AND NOTES (NOT MORE THAN \$600,000 OF WHICH SHALL BE USED TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW PUBLIC LIBRARY BRANCH IN THE ARLINGTON SECTION OF THE CITY AND NOT LESS THAN \$300,000 OF WHICH SHALL BE USED TO FINANCE REPAIRS, RENOVATIONS AND UPGRADES AND EQUIPMENT FOR ALL PUBLIC LIBRARIES)

1 This act would authorize the City of Cranston to issue not in excess of five hundred thirty
2 thousand dollars (\$900,000) bonds and notes (not more than \$600,000 of which would be used to
3 finance the acquisition, construction and equipping of a new public library branch in the
4 Arlington section of the city and not less than \$300,000 of which would be used to finance
5 repairs, renovations and upgrades and equipment for all public libraries).

6 Sections 11 and 12 of the Act would take effect upon the passage. The remainder of this
7 Act would take effect upon the approval by the electors of the city of the question provided for in
8 Section 11.

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