

THE CITY OF WARWICK
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. Date

Approved.....Mayor

RESOLUTION RELATIVE TO AUTHORIZING THE ISSUANCE OF \$5,150,000 BONDS OF THE CITY FOR THE REPAIR AND RENOVATION OF SCHOOL FACILITIES; AUTHORIZING THE CITY TO APPLY FOR FEDERAL AND STATE ADVANCES FOR THAT PURPOSE; AUTHORIZING THE ISSUE OF \$5,150,000 TEMPORARY NOTES FOR THAT PURPOSE AND AUTHORIZING ADVANCES FROM THE GENERAL TREASURY OR SCHOOL DEPARTMENT GENERAL FUND FOR THAT PURPOSE

RESOLVED:

SECTION 1. Pursuant to Chapter 386/516 of the Public Laws of Rhode Island of 2006 and a vote of the electors of the City on November 7, 2006, the sum of \$5,150,000 of the total amount of \$25,000,000 is appropriated to finance the repair and renovation of school facilities (the "Project"). This amount is in addition to the \$15,790,912 previously appropriated.

SECTION 2. The Mayor and the City Treasurer be and hereby are authorized to issue on behalf of the City, an amount not exceeding \$5,150,000 of the \$25,000,000 bonds of the City, at one time, or from time to time to meet the foregoing appropriation.

SECTION 3. The said officers from time to time may issue and refund not exceeding \$5,150,000 of the \$25,000,000 interest bearing or discounted notes in anticipation of the issue of said bonds or in anticipation of the receipt of federal or state aid for the purpose specified in Section 1 hereof.

SECTION 4. The manner of sale, amount, denominations, maturities, conversion or registration privileges, interest rates, medium of payment, and other terms, conditions and details of the bonds or notes may be fixed by the officers authorized to sign the bonds or notes. The City may enter into a financing and/or other agreements with the Rhode Island Health and Educational Building Corporation pursuant to Title 45, Chapter 38.1 of the General Laws.

SECTION 5. The said officers from time to time may apply for, contract for and expend any federal or state advances or other grants or assistance which may be available for the purposes specified in Section 1 hereof.

1 SECTION 6. Pending the issuance of the bonds under Section 2 hereof or pending or in lieu
2 of the issue of notes under Section 3 hereof, the City Treasurer or the School Department Director
3 of Business Affairs may expend funds from the general treasury of the City or the School
4 Department's general fund, respectively, to pay for capital expenditures in connection with the
5 Project (the "Reimbursement Expenditures"). Any advances made under this section shall be repaid
6 without interest from the proceeds of the bonds or notes issued hereunder or from the proceeds of
7 applicable federal or state assistance or from other available funds.
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9 SECTION 7. The Mayor and the City Treasurer are also authorized, empowered and
10 directed, on behalf of the City, to: (i) execute, acknowledge and deliver any and all other
11 documents, certificates or instruments necessary to effectuate such borrowing, including, without
12 limitation, a Preliminary Official Statement, all in such form and with such provisions as such
13 officer shall deem advisable; (ii) amend, modify or supplement the bonds or notes any and all other
14 documents, certificates or instruments at any time and from time to time, in such manner and for
15 such purposes as such officers shall deem necessary, desirable or advisable; and (iii) do and
16 perform all such other acts and things deemed by such officers to be necessary, desirable or
17 advisable with respect to any matters contemplated by this resolution in order to effectuate said
18 borrowing and the intent hereof.
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20 SECTION 8. The Mayor and the City Treasurer be, and hereby are, authorized to deliver the
21 bonds or notes to the purchasers and said officers be, and hereby are, authorized and instructed to
22 take all actions, on behalf of the City, necessary to ensure that interest on the bonds or notes will be
23 excludable from gross income for federal income tax purposes and to refrain from all actions which
24 would cause interest on the bonds or notes to become subject to federal income taxes.
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26 SECTION 9. The declaration of official intent to reimburse the City for any Reimbursement
27 Expenditures, as set forth in the City Council Resolution approved on October 18, 2010, is
28 incorporated by reference in this Resolution.
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30 SECTION 10. The Mayor and the City Treasurer are authorized to take all actions
31 necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities
32 and Exchange Commission (the "Rule") and to execute and deliver a Continuing Disclosure
33 Certificate in connection with the Bonds in the form as shall be deemed advisable by the Mayor
34 and the City Treasurer in order to comply with the Rule. The City hereby covenants and agrees that
35 it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, as it
36 may be amended from time to time. Notwithstanding any other provision of this Resolution or the
37 Bonds, failure of the City to comply with the Continuing Disclosure Certificate shall not be
38 considered an event of default; however, any bondholder may take such actions as may be
39 necessary and appropriate, including seeking mandate or specific performance by court order, to
40 cause the City to comply with its obligations under this Section and under the Continuing
41 Disclosure Certificate.
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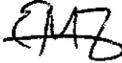
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SECTION 11. This resolution shall take effect upon passage.

SPONSORED BY: COUNCIL PRESIDENT TRAVIS,
COUNCILMAN COLANTUONO,
COUNCILWOMEN VELLA-WILKINSON,
ON BEHALF OF MAYOR AVEDISIAN

COMMITTEE: FINANCE

Memorandum

To: Honorable Members, Finance Committee
From: Ernest M. Zmyslinski, Finance Director 
CC: Honorable Scott Avedisian, Mayor
Honorable Donna M. Travis, Council President
Honorable Members, Warwick City Council
Judy Wild, City Clerk
Date: February 25, 2016
Re: Fiscal Note: PCR- PCR-14-16 (Issuance of School Bonds)

I have been asked to provide a fiscal note relative to PCR-14-16: Resolution Authorizing the Issuance of \$5,150,000 Bonds to the City for the Repair and Renovation of School Facilities; Authorizing the City to Apply for Federal and State Advances for That Purpose; Authorizing the Issue of \$5,150,000 Temporary Notes for That Purpose and Authorizing Advances from the General Treasury or School Department General Fund for That Purpose (Issuance of School Bonds). The purpose of a fiscal note is to cite where possible the dollar amounts that a proposed resolution or ordinance would have for the current fiscal year and the next two succeeding fiscal years. No comment or opinion relative to the merits of the bill shall be included, excepting, however, that technical or mechanical defects may be noted.

Background

On November 7, 2006, voters approved the borrowing of \$25,000,000 to finance the repair and renovation of school facilities. The School Committee has requested the issuance of general obligation bonds in the amount of \$5,150,000 for fire code improvements to various elementary and secondary educational buildings throughout the district.

Fiscal Impact: PRC-14-16 (Issuance of school bonds)

The general obligation bond will be issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) and as such the City must adhere to their requirements and borrowing schedule. Financing through RIHEBC is a requirement to receive state housing aid. It's my understanding that the State will reimburse the City 35% of the principal and interest on this bond.

The anticipated closing for this transaction would be in June, hence there would be no fiscal impact in the current fiscal year. The estimated cost principal and interest cost for this 20 year bond will be approximately \$385,000 in FY2017 and FY2018 and each year thereafter. The actual cost will not be known until the pricing is completed. The total cost of this bond, principal and interest would be approximately \$7.7 million. This figure does not reflect the state housing aid reimbursement. The School Committee has agreed to pay for half of the debt service for this bond from the School Department budget. As a result, they will receive half of the associated housing aid reimbursement.