

COUNCILMAN
JOSEPH DE LUCA
191 CARLETON STREET
PROVIDENCE, RI 02908
Res: 521-3841
Office: 454-4044



COMMITTEES

Public Works
Vice-Chairman

City Property
Vice-Chairman

Employees' Retirement
System
Vice-Chairman

City of Providence, Rhode Island

March 24, 1999

Honorable Members of the Providence City Council
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Dear Council Members:

I am requesting the City Council Members to oppose House Bill 99-H-5480 and 99-S-0440.

WHEREAS, This Act Violates the people's right to vote via Referendum on the Issuance of Bonds, Section 807(g), Providence Home Rule Charter.

WHEREAS, This Act Violates several sound financial safeguards by circumventing Chapter 45-12 of the General Laws and Section 807 of the Providence Home Rule Charter.

WHEREAS, The Providence City Council by action of a vote of disapproval hereby informs the Honorable Members of the General Assembly that we oppose bill Number 99-H-5480 and 99-S-0440.

March 24, 1999

Page 2

Upon the Affirmative vote of disapproval, the City Clerk is hereby Ordered to deliver forthwith said vote to:

1. Senate Majority Leader Paul S. Kelly
2. Speaker of the House of Representatives John B. Harwood
3. Senator Domenick J. Ruggerio
4. Senator David Iglizzi
5. Senator John M. Roney
6. Senator Maryellen Goodwin
7. Senator Robert T. Kells
8. Representative David N. Cicilline
9. Representative Thomas C. Slater
10. Representative Anastasia Williams
11. Representative Marsha E. Carpenter
12. Representative Steven M. Costantino
13. Governor of the State of Rhode Island, Lincoln C. Almond

Very Truly Yours,



Joseph DeLuca
Councilman Ward 6

IN CITY COUNCIL

MAR 30 1999

READ

WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED AND APPROVED,

Michael R. Clement CLERK

on a vote of the entire City Council

LC01807

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

99-H 5480

JANUARY SESSION, A.D. 1999

AN ACT

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES

99-H 5480

Introduced By: Reps. Cicilline, Slater, Williams,
Carpenter and Costantino

Date Introduced: February 2, 1999

Referred To: Committee on Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and
2 Cities" is hereby amended by adding thereto the following section:

3 45-12-5.4. Issuance of pension fund refinancing - Bonds. - Any city or town which
4 has a cumulative unfunded pension liability of fifty million dollars (\$50,000,000) or more may
5 issue pension fund refinancing bonds in order to fund all or part of its unfunded pension liability
6 and the costs of issuing the pension fund refinancing bonds. Approval of the local legislative
7 body shall be required to issue bonds under this section. No bonds shall be issued under this
8 section, however, unless the proceedings authorizing the pension fund refinancing bonds
9 incorporate specific findings to the effect that the refinancing will result in a financial benefit to
10 the municipality, including present value savings certified by an actuary and a certified public
11 accountant. The proceedings authorizing the issue of pension fund refinancing bonds shall
12 contain a general description of the unfunded liability being refinanced, the actuarial
13 assumptions and the maximum bond issue size. Notwithstanding any provision of any municipal
14 charter to the contrary, pension fund refinancing bonds may be sold at public or private sale, and
15 may provide for annual or more frequent equal, diminishing or increasing installment of
16 principal and deferral of the first installment of principal to the extent permitted by section 45-
17 12-24 or by the authorizing resolution of the city or town council. Pension fund refinancing
18 bonds shall have a maximum maturity no later than forty (40) years from the dated date. The

99-H 5480

1 proceeds of pension fund refinancing bonds, exclusive of any premium and accrued interest and
2 cost of issuance, shall be paid to a trustee and held in trust to be applied to fund the unfunded
3 pension liability. Said proceeds shall be invested only in permitted investments. Permitted
4 investments shall include:

5 (1) Any marketable debt securities that have at least a single A quality rating by either
6 Moody's Investors Service, Inc. or Standard and Poor's Corporation; or

7 (2) Debt obligations of the U.S. Government and its agencies. Investments should meet
8 the so-called "prudent man" standard. Said standard provides that investments shall be made as
9 would be done by prudent persons of discretion and intelligence in these matters who are seeking
10 a reasonable income and preservation of their capital. The powers conferred by this section are
11 in addition to and not in substitution for, or in diminution of, any other powers conferred on
12 municipalities in this state. Pension fund refinancing bonds may be issued under this section
13 without obtaining approval of the electors thereof, notwithstanding the provisions of sections 45-
14 12-19 and 45-12-20 and notwithstanding any charter provision of any municipal charter to the
15 contrary, unless the electors when assembled in a meeting are the local legislative body for the
16 purpose of authorizing indebtedness of the political subdivision.

17 SECTION 2. This act shall take effect upon passage.

LC01807

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES

1 This act would amend the provisions of the general laws pertaining to indebtedness of
2 cities and towns by permitting the issuance by said municipalities of pension fund refinancing
3 bonds.

4 This act would take effect upon passage.

LC02346

STATE OF RHODE ISLAND
IN GENERAL ASSEMBLY **99-S 0440**

JANUARY SESSION, A.D. 1999

AN ACT

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES

99-S 0440

Introduced By: Senators Ruggiero, Iglizzi, Roney, Goodwin, Kells,
et al.

Date Introduced: February 4, 1999

Referred To: Senate Committee on Finance.

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and
2 Cities" is hereby amended by adding thereto the following section:

3 45-12-5.4. Issuance of pension fund refinancing - Bonds. - Any city or town which
4 has a cumulative unfunded pension liability of fifty million dollars (\$50,000,000) or more may
5 issue pension fund refinancing bonds in order to fund all or part of its unfunded pension liability
6 and the costs of issuing the pension fund refinancing bonds. Approval of the local legislative
7 body shall be required to issue bonds under this section. No bonds shall be issued under this
8 section, however, unless the proceedings authorizing the pension fund refinancing bonds
9 incorporate specific findings to the effect that the refinancing will result in a financial benefit to
10 the municipality, including present value savings certified by an actuary and a certified public
11 accountant. The proceedings authorizing the issue of pension fund refinancing bonds shall
12 contain a general description of the unfunded liability being refinanced, the actuarial
13 assumptions and the maximum bond issue size. Notwithstanding any provision of any municipal
14 charter to the contrary, pension fund refinancing bonds may be sold at public or private sale, and
15 may provide for annual or more frequent equal, diminishing or increasing installment of
16 principal and deferral of the first installment of principal to the extent permitted by section 45-
17 12-24 or by the authorizing resolution of the city or town council. Pension fund refinancing
18 bonds shall have a maximum maturity no later than forty (40) years from the dated date. The

99-S 0440

1 proceeds of pension fund refinancing bonds, exclusive of any premium and accrued interest and
 2 cost of issuance, shall be paid to a trustee and held in trust to be applied to fund the unfunded
 3 pension liability. Said proceeds shall be invested only in permitted investments. Permitted
 4 investments shall include:

5 (1) Any marketable debt securities that have at least a single A quality rating by either
 6 Moody's Investors Service, Inc. or Standard and Poor's Corporation; or

7 (2) Debt obligations of the U.S. Government and its agencies. Investments should meet
 8 the so-called "prudent man" standard. Said standard provides that investments shall be made as
 9 would be done by prudent persons of discretion and intelligence in these matters who are seeking
 10 a reasonable income and preservation of their capital. The powers conferred by this section are
 11 in addition to and not in substitution for, or in diminution of, any other powers conferred on
 12 municipalities in this state. Pension fund refinancing bonds may be issued under this section
 13 without obtaining approval of the electors thereof, notwithstanding the provisions of sections 45-
 14 17-19 and 45-17-20 and notwithstanding any charter provision of any municipal charter to the
 15 contrary, unless the electors when assembled in a meeting are the local legislative body for the
 16 purpose of authorizing indebtedness of the political subdivision.

17 SECTION 2. This act shall take effect upon passage.

LC02546

EXPLANATION
 BY THE LEGISLATIVE COUNCIL
 OF
 AN ACT
 RELATING TO INDEBTEDNESS OF TOWNS AND CITIES

...

1 This act would amend the provisions of the general laws pertaining to indebtedness of
 2 cities and towns by permitting the issuance by said municipalities of pension fund refinancing
 3 bonds.

4 This act would take effect upon passage.

City of Providence



Rhode Island

Department of City Clerk

MEMORANDUM

DATE: April 27, 1999

Subject: City Council Final Paper #222

Considered By: Michael R. Clement, City Clerk

Disposition: Enclosed please find Communication from Councilman Joseph DeLuca, Ward 6, which was in City Council March 30, 1999, opposing House Bill 99-H5480 and 99-S0440. The entire City Council voted to oppose these Bills.


City Clerk