



November 22, 2016

Memo

From: David Faucher, Director of Finance
To: Richard Rainer, Town Administrator
Subject: Bond Ordinance Authorization

I request that you seek Town Council approval for the attached ordinance allowing the Town to issue a tax exempt bond.

An IRS rule requires authorization within 60 days of any payments related to tax exempt bonding activities. We have started making payments on the Brown House project and will have payments related to the Salt Shed project shortly. This bond will allow us to reimburse the Town for advances made on these projects.

In addition to the IRS rule issue, we want to move to market as soon as possible to take advantage of the low interest rate environment. We anticipate that the interest rate on the 20 year bonds will be below 2%. This is based on recent bonds sales for other Rhode Island communities that were able to obtain rates of 2% and below despite not having the benefit of Portsmouth's AAA rating.

This bond will not require a payment until fiscal year 2018. Having the bond issued now will provide the exact payment requirements and assist in the development of the fiscal year 2018 budget.

TOWN OF PORTSMOUTH

ORDINANCE # xxxx-xx-xx

ORDINANCE AUTHORIZING THE TOWN OF PORTSMOUTH TO FINANCE THE DESIGN, CONSTRUCTION, EQUIPPING AND FURNISHING OF A NEW POLICE STATION IN THE TOWN, VARIOUS CAPITAL PROJECTS OF THE TOWN OF PORTSMOUTH AND THE UNINSURED PORTION OF A SETTLEMENT ARISING OUT OF LITIGATION AGAINST THE TOWN BY THE ISSUANCE OF NOT MORE THAN \$12,416,139 BONDS AND NOTES THEREFOR

Adopted:

It is ordained by the Town Council of the Town of Portsmouth as follows:

SECTION 1. Pursuant to Chapter 223/262 of the Public Laws of 2016, and a vote of the electorate on November 8, 2016, \$10,000,000 is appropriated to finance the design, construction, equipping and furnishing of a new police station in the Town.

SECTION 2. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$170,000 is appropriated to finance renovations to Elmhurst Park and other recreational items.

SECTION 3. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$350,000 is appropriated to finance renovations to the Brown House for town use or other recreational use.

SECTION 4. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$100,000 is appropriated to finance construction of a salt shed or other public works projects.

SECTION 5. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$250,000 is appropriated to finance the purchase of a DPW vehicle and equipment or other public works projects.

SECTION 6. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$389,154 is appropriated to finance renovations to Hathaway School.

SECTION 7. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$185,658 is appropriated to finance renovations to the Melville School.

SECTION 8. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$59,327 is appropriated to finance renovations to Portsmouth High School.

SECTION 9. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$12,000 is appropriated to finance renovations to Portsmouth Middle School.

SECTION 10. Pursuant to Rhode Island General Laws §45-12-2, the Town's Fiscal Year 2016-2017 Operating Budget and a vote of the Town Council on June 13, 2016, \$300,000 is appropriated to finance various Town projects.

SECTION 11. Pursuant to Rhode Island General Laws §45-12-4.4, \$600,000 is appropriated to finance the uninsured portion of a settlement arising out of litigation against the Town. It is hereby determined that the outstanding principal amount, in the aggregate, of the bonds or notes, together with other bonds or notes issued or to be issued pursuant to Section 45-12-4.4 does not exceed five percent (5%) of the total amount of the Town's 2016 fiscal budget.

SECTION 12. Pursuant to the authority set forth in the above appropriations, the Director of Finance and the President of the Town Council are authorized to issue general obligation bonds of the Town in an amount not to exceed \$12,416,139 (the "Bonds") in order to meet the foregoing appropriations.

SECTION 13. The said officers from time to time may issue and refund not exceeding \$12,416,139 interest bearing or discounted Notes in anticipation of the issue of said Bonds.

SECTION 14. The manner of sale, forms, amount, denominations, maturities, conversion or registration privileges, interest rates, and other conditions and details of the Bonds and Notes authorized herein shall be fixed by the said officers.

SECTION 15. The Town Council hereby authorizes the Director of Finance and the President of the Town Council, acting on behalf of the Town, to issue the Bonds and Notes for the purposes set forth herein and to take all actions as they deem necessary to effect the issuance of the Notes and Bonds. The Bonds and Notes shall be issued by the Town under its corporate name and seal or a facsimile of such seal. The Bonds and Notes shall be signed by the manual or facsimile signature of the Director of Finance and the President of the Town Council.

SECTION 16. The Director of Finance and the President of the Town Council are hereby authorized to issue the Bonds and Notes and deliver them to the purchaser and said officers are hereby authorized and instructed to take all actions, on behalf of the Town, necessary to ensure that interest on the Bonds and Notes will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds and Notes to become subject to federal income taxes.

SECTION 17. The Bonds and Notes may be issued either alone or consolidated with other issues of notes or bonds of the Town.

SECTION 18. The Town's Director of Finance is authorized to execute and deliver continuing disclosure certificates in connection with the Bonds and Notes issued by the Town, in such form as shall be deemed advisable by the Town's Director of Finance. The Town hereby covenants and agrees that it will comply with and carry out all of the provisions of each continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this ordinance or the Bonds or Notes, failure of the Town to comply with any continuing disclosure certificate shall not be considered an event of default; however, any bondholder or noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this ordinance and under any continuing disclosure certificate.

SECTION 19. The Director of Finance and the President of the Town Council are also authorized, empowered and directed, on behalf of the Town, to: (i) execute, acknowledge and deliver any and all other documents, certificates or instruments necessary to effectuate such borrowing all in such form and with such provisions as such officer shall deem advisable; (ii) amend, modify or supplement the bonds or notes and any and all other documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this ordinance in order to effectuate said borrowing and the intent hereof.

SECTION 20. This ordinance is an affirmative action of the Town Council of the Town of Portsmouth toward the issuance of Bonds and/or Notes in accordance with the purposes of the laws of the State. This ordinance constitutes the Town's declaration of official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse the Town's General Fund for certain capital expenditures for the Projects paid on or after the date which is sixty (60) days prior to the date of this ordinance, but prior to the issuance of the Bonds and/or Notes. Such amounts to be reimbursed shall not exceed \$12,416,139, and shall be reimbursed not later than eighteen (18) months after the later of (a) the date on which the expenditure is paid, or (b) the date the project to which such expenditure relates is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

SECTION 21. This ordinance shall take effect upon passage.

**ADOPTED BY TOWN COUCIL
ACTION ON**

Keith E. Hamilton, President
Portsmouth Town Council