

ORDINANCE OF THE TOWN COUNCIL

IN AMENDMENT OF THE TOWN OF COVENTRY CODE OF ORDINANCES,
2008 PART II – GENERAL LEGISLATION,
CHAPTER 123 – Financial Security

Ordinance No. 2026-07

The Town Council of the Town of Coventry hereby ordains as follows:

Chapter 123 – Financial Security

Sec. 123-1. Purpose.

A. The purpose of this chapter is to establish uniform standards governing financial security required by the Town in connection with land development, subdivision approvals, and related municipal approvals.

B. This chapter is intended to:

1. Ensure consistent administration of financial security requirements across all Town departments, boards, commissions, and officials;
2. Protect the Town and the public from incomplete, defective, abandoned, or noncompliant construction or improvements;
3. Ensure timely access to secured funds for cause in accordance with R.I. Gen. Laws § 45-23-46(d);
4. Maintain consistency with the Rhode Island Development and Subdivision Review Enabling Act, R.I. Gen. Laws Chapter 45-23, and other applicable state law; and
5. Establish standards for forms of financial security, administration, inspection, release, maintenance guarantees, and enforcement.

Sec. 123-2. Authority.

This chapter is adopted pursuant to:

A. Article XIII of the Rhode Island Constitution;

B. R.I. Gen. Laws § 45-6-1;

C. R.I. Gen. Laws Chapter 45-23, including §§ 45-23-32, 45-23-46, and 45-23-51;

D. R.I. Gen. Laws Title 24;

E. Municipal authority under Rhode Island law relating to public works, permitting, contracting, and protection of public infrastructure and funds;

F. R.I. Gen. Laws § 37-12-1, as persuasive authority where applicable; and

G. Any other applicable provision of state law.

Sec. 123-3. Applicability.

A. This chapter applies to financial security required in connection with:

1. Land development and subdivision approvals under R.I. Gen. Laws Chapter 45-23;

- 46 2. Construction, installation, repair, restoration, or dedication of public improvements;
- 47 3. Infrastructure intended for Town ownership, operation, maintenance, or acceptance;
- 48 4. Public infrastructure improvements including roadway, drainage, stormwater, utility,
- 49 grading, excavation, erosion control, landscaping, sidewalk, and traffic control
- 50 improvements;
- 51 5. Development agreements and public improvement agreements authorized by law;
- 52 6. Permits including earth removal, roadway opening, utility, municipal construction, and
- 53 similar permits; and
- 54 7. Any other municipal approvals where financial security is authorized by state law.

55 B. Nothing in this chapter shall be construed to:

- 56 1. Expand municipal authority beyond that granted by state law;
- 57 2. Create authority to require financial security where such authority does not exist;
- 58 3. Conflict with R.I. Gen. Laws Chapter 45-23; or
- 59 4. Supersede mandatory state law requirements.

60 C. Financial security shall be administered by the municipal body responsible for issuing or

61 administering the underlying approval.

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63 **Sec. 123-4. Forms of financial security.**

64 A. The Town shall accept no fewer than three (3) forms of financial security as required by R.I.

65 Gen. Laws § 45-23-46(d).

66 B. Acceptable forms of financial security include:

- 67 1. Performance bond issued by a surety authorized to transact business in Rhode Island;
- 68 2. Cash escrow deposit held by the Town in a segregated account;
- 69 3. Irrevocable trust agreement in a form approved by the Town Solicitor; and
- 70 4. Letter of credit in compliance with Sec. 123-5.

71 C. Applicants shall not be restricted to a single form of financial security where prohibited by state

72 law.

73 D. All financial security instruments shall:

- 74 1. Be sufficient to ensure completion of required work;
- 75 2. Provide enforceable access to funds upon default or noncompliance;
- 76 3. Be enforceable under Rhode Island law; and
- 77 4. Be approved by the Town Solicitor prior to acceptance.

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79 **Sec. 123-5. Letters of credit.**

80 A. Letters of credit may be accepted upon approval of the Town Solicitor.

81 B. Each letter of credit shall:

- 82 1. Be irrevocable;
- 83 2. Be issued by a financial institution authorized to do business in Rhode Island;
- 84 3. Be payable on demand at sight;
- 85 4. Permit immediate draw upon certification of default, nonperformance, abandonment, or
- 86 noncompliance;
- 87 5. Include automatic renewal provisions unless released by the Town;
- 88 6. Require not less than 90 days prior written notice of cancellation, expiration, or
- 89 modification;
- 90 7. Be governed by Rhode Island law;

91 8. Contain no conditions or requirements that materially restrict the Town's access to funds;
92 and

93 9. Be approved as to form by the Town Solicitor.

94 C. The Town may reject any letter of credit that fails to adequately protect the Town's interests.

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96 **Sec. 123-6. Alternative financial security.**

97 A. The Town may approve alternative forms of financial security providing protection equal to or
98 greater than those listed in Sec. 123-4.

99 B. All alternative forms shall:

100 1. Ensure enforceable and timely access to funds;

101 2. Protect the Town from default, nonperformance, defective work, or incomplete work; and

102 3. Be approved by the Town Solicitor.

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104 **Sec. 123-7. Amount of security.**

105 A. The amount of financial security shall be based on the estimated cost of completing required
106 improvements or obligations.

107 B. Cost estimates shall be prepared or reviewed by qualified professionals or Town officials.

108 C. The Town may include reasonable costs for contingencies, engineering, legal services,
109 inspection, inflation, administrative expenses, and completion risks.

110 D. Security amounts may be adjusted as project scope or conditions change.

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112 **Sec. 123-8. Inspection, phasing, and release.**

113 A. All improvements are subject to inspection by the Town.

114 B. No improvement shall be deemed accepted unless approved in writing by the appropriate
115 authority.

116 C. The Town may authorize:

117 1. Phased development and phased security;

118 2. Partial inspection and acceptance; and

119 3. Partial release of security.

120 D. Partial release shall require:

121 1. Written request;

122 2. Inspection and approval of completed work;

123 3. Verification of compliance; and

124 4. Sufficient remaining security for unfinished work.

125 E. The Town may withhold release for defective work, noncompliance, or unresolved obligations.

126 F. All releases shall be in writing.

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128 **Sec. 123-9. Maintenance guarantees.**

129 A. The Town may require maintenance guarantees where authorized by law.

130 B. Maintenance guarantees shall:

131 1. Secure correction of defects, failures, or deficiencies;

132 2. Not exceed 10 percent of the original security amount where governed by R.I. Gen. Laws
133 § 45-23-46(g);

134 3. Remain in effect for not more than one (1) year unless otherwise authorized by law; and

135 4. Be in a form approved by the Town Solicitor.

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137 **Sec. 123-10. Enforcement.**
138 A. The Town may enforce financial security under R.I. Gen. Laws § 45-23-46(i).

139 B. Upon default or noncompliance, the Town may:

- 140 1. Draw upon financial security;
- 141 2. Complete or cause completion of required work;
- 142 3. Correct defective or incomplete work;
- 143 4. Retain contractors, consultants, or professionals;
- 144 5. Recover all associated costs; and
- 145 6. Pursue any other legal or equitable remedy.

146 C. Remedies are cumulative.

147 D. No inspection, partial approval, or partial release shall waive enforcement rights.

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149 **Sec. 123-11. Construction.**

150 A. This chapter shall be construed consistent with applicable state law, including R.I. Gen. Laws
151 Chapter 45-23 and Title 24.

152 B. This chapter shall not:

- 153 1. Expand municipal authority beyond state law;
- 154 2. Limit legally required financial security;
- 155 3. Create independent bonding authority; or
- 156 4. Create vested rights in any specific form of financial security.

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158 **Sec. 123-12. Conformity.**

159 A. All municipal ordinances, rules, policies, and procedures shall be construed and administered
160 in conformity with this chapter to the extent permitted by law.

161 B. In the event of conflict, this chapter shall control to the extent consistent with state law.

162 C. State law shall govern where applicable.

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164 **Sec. 123-13. Severability.**

165 If any provision of this chapter is held invalid, the remaining provisions shall remain in full force
166 and effect.

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168 **Sec. 123-14. Effective date.**

169 This ordinance shall take effect upon passage and publication as required by law.

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183 Approved as to Form:

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186 Town Solicitor

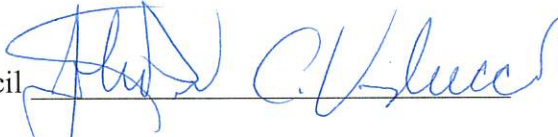
Date

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190 Introduced by/Pursuant to: Council



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192 Referred to/for: First Reading of the Ordinance on _____, 2026

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194 Planning Commission for recommendation on _____, 2026

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196 Public Hearing before the Town Council on _____, 2026

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199 Passed or Denied on a vote of _____

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202 John-Paul A. Verducci – Town Council President

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205 Approved:

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207 _____

208 Daniel O. Parrillo – Town Manager

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211 Certification Actions by Town Clerk:

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