

CHAPTER XII

BORROWING

Section 12.1 General Power.

Subject to the applicable provisions of law, the city may borrow money for any purpose within the scope of its powers, and as otherwise provided by law, and may issue bonds or other evidence of indebtedness therefore. Such bonds or other evidence of indebtedness shall include, but not be limited to:

- (a) General obligation bonds, which pledge the full faith and credit of the city for payment thereof.
- (b) Special assessment bonds which are issued in anticipation of the payment of special assessments for public improvements in a special assessment district or combination thereof, which bonds may be either an obligation solely of the special assessment district or districts, or both an obligation of such district and a general obligation of the city.
- (c) Revenue bonds as authorized by law.
- (d) Mortgage bonds for the acquiring, owning, purchasing, constructing, improving or operating of any public utility which the city is authorized by law to finance in this manner, or for such other purposes as may be authorized by law.
- (e) Tax anticipation notes as authorized by law.
- (f) Calamity bonds issued in case of fire, flood or other calamity as authorized by law.
- (g) Bonds for the city's share of the cost of local improvements, which bonds may be issued as part of, or independently of, any issue of special assessment bonds which are issued for the same improvement or improvements.
- (h) Bonds for refunding the indebtedness of the city.
- (i) Budget bonds as authorized by law.
- (j) Time-purchase contracts as authorized elsewhere herein, to the extent that the same are considered to be debts.

- (k) Bonds issued in anticipation of future payments from the motor vehicle highway fund or any other fund of the State which the city may be permitted by law to pledge for the payment of principal and interest thereof.

Section 12.2 Limits Of Borrowing Authority.

- (a) The net bonded indebtedness incurred for all public purposes shall not at any time exceed the maximum amount permitted by law, provided that in computing such bonded indebtedness there shall be excluded money borrowed on special assessment bonds, even though they are a general obligation of the city, mortgage bonds, revenue bonds, bonds in anticipation of state-retained revenues to the extent permitted by law, and any other bonds or indebtedness excluded by law from such limitation. The amount of funds accumulated for the retirement of any outstanding bonds shall also be deducted from the amount of bonded indebtedness.
- (b) No bonds shall be sold to obtain funds for any purpose other than that for which they were specifically authorized, and if such bonds are not sold within the time limited by law, such authorization shall be null and void.
- (c) The issuance of any bonds not requiring the approval of the electorate shall be subject to applicable requirements of law with reference to public notice in advance of authorization of such issues, filing of petitions for a referendum on such issuance, holding such referendum, and other applicable procedural requirements.

Section 12.3 Use Of Borrowed Funds.

Each bond or other evidence of indebtedness shall contain on its face a statement of the purpose for which the same is issued and no officer of the city shall use the proceeds thereof for any other purpose, except that whenever the proceeds of any bond issue, or a part thereof, remain unexpended and unencumbered for the purpose for which said bond issue was made, the council may authorize the use of such unexpended and unencumbered funds subject to the approvals as may be required by law where required:

- (a) For an additional extension or improvement of facility or project for which the bond issue was issued.
- (b) For the retirement of such bond issue.
- (c) If such bond issue has been fully retired or funds are segregated which are adequate for such purpose, then for the retirement of other bonds or obligations of the city.

- (d) If there is no other indebtedness, or funds are segregated which are adequate for such purpose, then for such other purposes as may be permitted by law.

Section 12.4 Separation Of Special Assessment Collections; Payment of Deficiency in Special Assessments.

All collections on each special assessment roll or combination of rolls, in anticipation of which bonds have been issued, shall be set apart if a separate fund (but not necessarily in a separate bank account) and shall be used for the purpose for which levied and for the payment of the principal and interest on such bonds. If there is any deficiency in a special assessment fund to meet the payment of the principal or interest to be paid, money shall be advanced from the general funds of the city to meet such deficiency and shall be replaced in the general fund when the special assessment fund shall be sufficient therefore.

Section 12.5 Bond Interest Rates.

No bond or other evidence of indebtedness of the city shall bear interest at a rate exceeding the maximum rate permitted by law.

Section 12.6 Execution Of Bonds.

All bonds issued by the city shall be signed by the mayor and countersigned by the city clerk, and shall bear the corporate seal of the city. Said signatures may be by facsimile if permitted by law. Any attached coupons may be signed with the facsimile signature of the city clerk.

Section 12.7 Records Of Bonds And Other Evidence Of Indebtedness; Cancellation.

The treasurer shall keep a detailed record of all bonds and other evidence of indebtedness. Upon payment of bonds or other evidence of indebtedness the same shall be cancelled.

Section 12.8 Preparation And Records Of Bonds.

Each bond or other evidence of indebtedness shall contain on its face a statement specifying the purpose for which it is issued and it shall be unlawful for any officer of the city to use the proceeds thereof for any other purpose. Any officer who shall violate this provision shall be deemed guilty of a violation of this charter, except that, whenever the proceeds of any bond issue or parts thereof shall remain unexpended and unencumbered for the purpose for which said bond issue was made, the council may authorize the use of said funds for the retirement of bonds of said issue or for any other purpose permitted by law. All bonds or other evidences of indebtedness issued by the city shall be signed by the mayor and countersigned by the clerk, under the seal of the city. The signatures of

the mayor and clerk, and the seal of the city may be facsimiles in the case of fully registered bonds. Interest coupons may be executed with the facsimile signature of the mayor and the clerk. A complete and detailed record of all bonds and other evidences of indebtedness issued by the city shall be kept by the treasurer or other designated officer. Upon the payment of any bond or other evidence of indebtedness, the same shall be cancelled.

Section 12.9 Unissued Bonds.

Any authorization by the electors for the issuance of bonds by the city shall be void if such bonds shall not be issued within three (3) years from the date of authorization.

(The remainder of this page intentionally left blank.)