

## **ARTICLE VII.**

### **BORROWING**

#### **7-1. Emergency notes.**

In the absence of unappropriated available revenues to meet emergency appropriations under the provisions of article V of this Charter, the council may by resolution authorize the issuance of notes, each of which shall be designated "emergency note" and may be renewed.

#### **7-2. Tax anticipation notes.**

In any fiscal year, in anticipation of the collection of property tax for such year, the council may by resolution authorize the borrowing of money by the issuance of negotiable notes of the city, each of which shall be designated "tax anticipation note for the year ending January 31, 19\_\_\_\_." (P.L. 1961, ch. 43)

#### **7-3. Special revenue notes.**

In any fiscal year, in anticipation of the collection of receipt of revenues other than the property tax of that fiscal year, the council may by resolution authorize the borrowing of money by the issuance of negotiable notes of the city, each of which shall be designated "special revenue note for the year ending January 31, 19\_\_\_\_." Such notes may be renewed, but all such notes, together with the renewals, shall mature and be paid not later than the end of the fiscal year immediately following the fiscal year in which the original notes shall have been issued. (P.L. 1961, ch. 41)

#### **7-4. Demand notes prohibited.**

No notes shall be made payable on demand, but any note may be made subject to redemption prior to maturity on such notice and at such time as may be stated in the note.

#### **7-5. Notes to be sold at not less than par.**

All notes issued pursuant to this article may be sold at not less than par and accrued interest at private sale without previous advertisement by the director of finance.

#### **7-6. Borrowing in anticipation of bonds.**

The city may borrow money by issuing its negotiable bonds and notes in anticipation of bonds, pledging the credit and property of the city, to finance any capital project which it may lawfully construct or acquire.

#### **7-7. Bond ordinances.**

The city shall authorize the issuance of bonds by a "bond ordinance" passed by the affirmative votes of at least six (6) members of the council as provided by this Charter and the constitution and laws of Rhode

Island. Except to provide for the issuance of refunding bonds, a bond ordinance shall contain in substance at least the following provisions:

- (1) An appropriation of a sum of money for a capital project, described in brief and general terms sufficient for reasonable identification;
- (2) An authorization of the incurring of indebtedness by the issuance of bonds in a stated amount, pursuant to this Charter;
- (3) A statement of the estimated maximum cost of the capital project; including any sums theretofore or thereby appropriated;
- (4) A determination of the period of usefulness of the project;
- (5) A determination of the net debt of the city after issuance of the bonds thereby authorized, together with declaration that the bonds thereby authorized will be within all debt and other limitations prescribed by the constitution and laws of the state of Rhode Island.

The title of a bond ordinance shall state the amount appropriated for an indicated project and the amount of bonds authorized to finance the appropriation. Bond ordinances shall be cited in bonds and notes by title and date of final passage. A bond ordinance shall not combine two or more projects. The procedure for passage of a bond ordinance shall be the same as that for other ordinances as prescribed by sections 3, 4, and 5 of article III [sic] of this Charter, except that when published after final passage, each bond ordinance shall be accompanied by a notice in substantially the following form:

NOTICE

The bond ordinance published herewith has been finally passed and the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of such ordinance can be commenced as provided in the city Charter has begun to run from the date of the first publication of this notice.

	____ City Clerk
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**7-8. Referendum.**

Each bond ordinance shall be submitted to a vote of the electors in accordance with statute at either a general or special election, and no bonds shall be issued pledging the credit of the city unless approved at such general or special election.

**7-9. Bond anticipation notes.**

In anticipation of the issuance of bonds approved pursuant to this article, the council may by resolution authorize the issuance of negotiable notes. Each note shall be designated "bond anticipation note" and may be renewed, providing, however, that any notes issued after the completion of the project for which an issuance of bonds was approved, shall be paid in the same manner as provided for the payment of the bond issue in

anticipation to which said notes were originally issued.

#### **7-10. Debt statement.**

In connection with any bond ordinance and prior to the date of introduction thereof, the director of finance shall prepare and file for public inspection in the office of the city clerk, a special debt statement which shall set forth (1) the aggregate principal amount of all outstanding bonds and notes of the city, (2) deductions permitted by the constitution and general laws, (3) the amount of the existing net indebtedness, (4) the amount of the net indebtedness after the issuance of the bonds authorized by such bond ordinance and (5) the aggregate principal amount of bonds and notes which the city may issue, pursuant to law.

#### **7-11. Payment of bonds.**

All bonds issued pursuant to this Charter shall be paid in equal or diminishing annual installments. The first annual installment shall be paid not more than one (1) year after the date on which said bonds were issued. The last annual installment of each authorized issue of bonds shall be paid not later than the expiration of the period of usefulness as determined in the bond ordinance authorizing the issuance of the bonds, but in no event for a period exceeding thirty (30) years.

#### **7-12. Period of usefulness.**

The period of usefulness of each project financed by an authorized issuance of bonds as prescribed by this Charter shall be as determined by certificate of the engineer or architect as approved by the mayor and shall be stated in the bond ordinance. The period of usefulness shall be computed from the date such issuance of bonds shall be approved by the electors as provided in 7-8. The determination of the council, in the bond ordinance, as to the period of usefulness, shall be conclusive in any action or proceeding involving the validity of the bonds.

#### **7-13. Method of sale of bonds.**

All bonds issued under this Charter shall be sold at public sale upon sealed proposals after at least ten (10) days notice published at least once in a publication carrying municipal bond notices and devoted primarily to financial news or to the subject of state and municipal bonds, distributed in the state of Rhode Island and at least ten (10) days notice published at least once in a public newspaper having a general circulation in the city of Warwick.

#### **7-14. Validity of bond ordinances.**

When twenty (20) days shall have elapsed after the publication after final passage of a bond ordinance as provided by this Charter, (1) any recitals or statements of fact contained in such bond ordinance, or in the preambles or recitals thereof, shall be deemed to be true for the purpose of determining the validity of the bonds thereby authorized and the city and all others interested shall forever thereafter be stopped from denying the same; (2) such bond ordinance shall be conclusively presumed to have been duly and regularly passed by the city and to comply with the provisions of this Charter and of all laws; and (3) the validity of such bond ordinance shall not thereafter be questioned by either a party plaintiff or a party defendant, except in a suit, action or proceeding commenced prior to the expiration of such twenty (20) days.

#### **7-15. Remaining balances from sale of bonds.**

Any balance remaining from the sale of bonds issued in accordance with this article after the project as described in the bond ordinance authorizing the issuance of such bonds shall have been completed and full payment shall have been made thereon, shall be held separate from all other funds of the city, and shall be used only toward the final payment of the bonds so issued.

Such amounts shall not be included in any budget receipts as revenue except in the fiscal year in which final payment of said bonds is due. Such funds may be held in approved depositories or may be invested in obligations of the United States or in bonds of the city of Warwick maturing not later than the year in which such funds may be included in budget receipts for a fiscal year. Any income received from such investments shall be added to such funds held for final payment of said issue of bonds in the same manner as prescribed for the amounts originally remaining from such bond issues. No portion of any such funds shall be invested in tax anticipation notes, bond anticipation notes, or special revenue or emergency notes of the city.

#### **7-16. Obligations of the city.**

The power and obligation of the city to pay any and all bonds and notes hereafter issued by it pursuant to this Charter shall be unlimited and the city shall levy ad valorem taxes subject to statute upon all the taxable property within the city for the payment of such bonds or notes and interest thereon. The faith and credit of the city is hereby pledged for the payment of the principal of and the interest on all bonds and notes of the city hereafter issued pursuant to this Charter, whether or not such pledge be stated in the bonds or notes, or in the bond ordinance authorizing their issuance.