

REVISED LAWS

MINNESOTA

1905

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774. Deposit of public funds—The council of any village, or of any city of the fourth class, may designate as a depository of city or village funds such national, state, or private banks as it may deem proper. Each shall give bond to the municipality, in at least double the amount authorized to be deposited therein, to be approved by the council, conditioned to repay all sums deposited therein upon proper demand therefor, and for the performance of such other duties as the council may require. And such council from time to time may require the city or village treasurer to deposit all or any part of the public funds in his hands in such banks, and to withdraw the same when so directed. No such deposit shall be made for a time extending beyond the term of the council then in office, and all the terms and conditions of deposit shall be set forth in the resolution designating the several depositories, which resolution shall be filed with the clerk or recorder. The treasurer shall not be liable on his bond for any money so deposited by direction of the council, and lost through the failure, bankruptcy, or other default of such bank. All interest accruing upon such deposits shall belong to the city or village. ('03 c. 18)

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775. Roads outside city or village—The council of any village or of any city of the fourth class may appropriate and expend such reasonable sums as it may deem proper to assist in the improvement and maintenance of roads lying beyond its boundaries and leading into it, and of bridges thereon, whether they are within or without the county in which it is situated. ('99 c. 110; '03 c. 9')

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CHAPTER 10

PUBLIC INDEBTEDNESS

776. Scope of chapter—The provisions of this chapter shall not be construed as relating to the debt of the state, or to current and ordinary public expenses, but only to the authorized indebtedness, payable with interest at future and stated times, of cities, villages, boroughs, counties, towns, and school districts; and the terms "municipal corporation," "corporation," and "municipality," as herein used, shall embrace any or all of said bodies.

777. Net indebtedness defined—The words "net indebtedness," as used herein, shall mean the sum of all outstanding money obligations of the corporation referred to, after deducting:

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1. Orders or warrants drawn upon the treasurer, and payable forthwith.
2. Certificates of indebtedness and bonds issued for the creation or maintenance of a permanent improvement revolving fund.
3. Obligations incurred in acquiring land for streets, parks, or other public improvements, and payable from the proceeds of assessments levied upon property especially benefited by such improvements.
4. Bonds issued for the purchase or construction of public waterworks, or for the enlargement, protection or distribution of the water supply, for the establishment of public lighting, heating, or power plants, and for the acquisition and equipment, by purchase or otherwise, of street railways, telegraph or telephone lines, or any other public convenience from which a revenue is or may be derived.
5. The amount of all money, and the face value of all securities, held as a sinking fund for the extinguishment of corporate debts other than those enumerated in this section.

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778. Assessed value defined—The words "assessed value," as used herein, shall mean the latest valuation for purposes of taxation, as finally equalized, of all property taxable within the municipality referred to.

779. Charter powers not modified—Nothing herein shall be construed as abrogating any restriction imposed, or as modifying or extending any power conferred, upon a city, village, or borough, by any provision of its charter

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relating to corporate indebtedness. Except as so limited, all municipal corporations shall be governed in respect thereto by the provisions of this chapter. (2224)

780. Limit of debt—Excess void—Subject to § 779, no city of the first class shall hereafter incur or be subject to a net indebtedness in excess of five per cent. of its assessed value, nor shall any other municipal corporation except school district become so indebted beyond ten per cent. of such value; and all contracts and promises made in violation hereof shall be void: Provided, that if the net indebtedness of any municipality, at the time when the Revised Laws take effect, shall exceed the limit herein fixed, or if any village thereafter organized as a city under a home rule charter shall be subject to such excess when so organized, either may issue and sell new bonds sufficient in amount to refund all or any part of such existing indebtedness, but the same shall not thereby be increased.

See G. S. 1894 §§ 1639, 1090, 1092, 1095, 1096, 1441, 2771; 10-340, 268; 27-64, 6+411; 54-331, 56+49; 57-434, 59+488; 58-418, 59+1088; 63-125, 65+115; 83-119, 85+933; 89-477, 95+310; 91-290, 97+1049; 93-290, 101+180; 94-397, 103+11; 87-381, 92+328; 82-202, 84+754.

781. Bonds—Form—Execution—Interest—Maturity—Except when otherwise expressly provided by law, all public indebtedness hereafter incurred or refunded shall be represented by the bonds of the debtor corporation, signed by the officers thereunto authorized by resolution of its governing body, and countersigned by the official charged with the keeping of its accounts. Such bonds shall express the amount and terms of payment, and have coupons attached for the several interest payments to be made, which interest shall in no case exceed the annual rate of six per cent., payable half-yearly. The bonds of cities of the first, second, and third classes shall be payable not more than thirty years after their issue, and those of all other municipal corporations not more than twenty years thereafter, and no bonds of either class shall be disposed of for less than their face value, with accrued interest.

782. Coupon bonds registered—If, however, the purchaser or holder of negotiable bonds issued by a city shall so request, the council of such city, by a resolution prescribing the method and terms of exchange, may authorize the proper city officers to issue registered bonds in lieu thereof, in such denominations as may be desired. But bonds so registered shall not extend the time of maturity, nor shall the indebtedness of the city be by such registration increased. ('97 c. 22)

783. Vote required—No bonds of any municipality shall be issued without the approval, first obtained, of the majority hereinafter specified of the voters of such municipality, voting at a special election called for the purpose, or at a general election or town meeting in the notice whereof the proposed issue shall have been plainly submitted for approval or rejection: Provided, that such requirement shall not apply to the registered bonds mentioned in § 782, nor to those authorized by this chapter for refunding purposes. The majorities required shall be as follows:

1. In the case of towns, counties, and cities a majority of those voting at the election.
2. In villages and boroughs, five-eighths of those voting on the question.
3. In school districts, two-thirds of those present and voting.

See 1905 cc. 100, 272

784. Bonds, for what purposes—When the governing body of any municipality shall have resolved that it is expedient to borrow money, for one or more of the purposes hereinafter named, and to an amount which will not increase its net indebtedness beyond the limit fixed by law, and a proposal so to do, if required by law, shall have been duly submitted to and approved by the voters thereof, the bonds of such corporation may be issued and sold, conformably to the provisions of this chapter, to the amount so authorized, as follows:

1. *Cities, villages, and boroughs—*In the case of a city, village or borough, for the acquisition, construction, maintenance, or improvement of any of the public conveniences mentioned in § 777, subd. 4: for the purposes of a perma-

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ment improvement revolving fund; for the purchase or erection of needful public buildings; for establishing and maintaining garbage crematories, or other means of garbage disposal, hospitals, schools, libraries, museums, and art galleries; for the construction of sewers, subways, streets, sidewalks, pavements, culverts, and parks and parkways; and for changing, controlling, or bridging streams and other waterways within the corporate limits, and constructing and repairing bridges and roads within two miles of the corporate limits thereof.

See 1905 cc. 19, 20, 28, 58, 76, 77, 91, 105, 123, 152, 170, 172, 293, 334

2. Counties—In the case of counties, for the erection and furnishing of a courthouse and jail, or either of them; for the purchase of a poor farm, and equipping the same with suitable buildings, tools, and stock; for establishing morgues and hospitals; for laying out and opening steam-traction roads, or other special public highways authorized by law; and for the bridging of waters within the county, or bordering thereon.

See 1905 cc. 23, 65, 175

3. Towns—In the case of towns, for the erection and furnishing of a town hall, and for the laying out and opening of town roads, and the building of bridges thereon.

See 1905 cc. 11, 64

4. School districts—In the case of school districts, including special and independent districts, whether lying within a city or village or not, for the purchase of a site for, and the building and furnishing of schoolhouses, and equipping the same with libraries, apparatus and other school furniture.

See 1905 c. 272

5. Judgment—Refunding—In the case of all of the before-mentioned municipal corporations, for paying any judgment lawfully rendered against them, or for refunding outstanding bonds or floating indebtedness.

785. Advertisement for bids—Sale—Before any such bonds are sold, at least two weeks' published notice shall be given of a meeting of the governing body to open and consider bids therefor. The time and place of said meeting shall be fixed, and the newspaper in which the notice shall be published, designated by a resolution duly passed and recorded, which may provide for additional notice. At the time and place so fixed, the bids shall be opened, and the offer complying with the terms of such sale, and deemed most favorable, shall be accepted: Provided, that the governing body may reject any and all such offers, and award said bonds to a lower bidder, or, upon like notice, it may invite other bids. (1236, 1237)

73-225, 75+1050.

786. Delivery—Proceeds, how used—Upon payment to the treasurer of the amount offered therefor by the successful bidder, the bonds shall be delivered, and the treasurer shall hold the proceeds thereof as a separate fund for the use named in the resolution under which the vote was taken. If the contemplated improvement be afterward abandoned, such fund may be devoted to any other public improvement authorized by law, and approved by vote taken in the same manner as the original vote. Any balance remaining after the improvement has been completed and paid for shall become a part of the general fund of the municipality. (1238)

787. Tax levy for payment of bonds—If the method of levying a tax for the payment of municipal indebtedness and interest be not otherwise provided for, and in all cases of failure on the part of municipal authorities to cause such levy to be made, the county auditor shall add to the other taxes charged upon the property taxable in the municipality an amount sufficient to meet such obligations as they mature, which additional levy shall be extended and collected with the other taxes of the year.

788. School-fund loans, etc.—If any municipality desires to dispose of its bonds to the state board of investment, application to such board may be made as hereinafter provided, and no advertisement for bids shall be necessary. A resolution shall be adopted by the governing body of the municipality, stating the amount and purpose of the loan desired, and authorizing its treasurer to apply to the board therefor. Such application shall be accompanied by a statement of the existing bonded and floating indebtedness of

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the municipality, and by a certificate of the county auditor showing the last assessed valuation of real and of personal property taxable therein. The application and accompanying documents shall be filed with the state auditor. ('97 c. 83 ss. 1-6, 9-11)

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789. Loans, how made—On the first Monday of each month, said board shall consider all applications then on file, any of which may be rejected. No such investment shall be made until the regularity of the application and the legality of the bonds have been approved by the attorney general. Such loans shall not be made for a period of less than five nor more than twenty years, nor at a rate of interest less than four per cent. per annum, nor when the net indebtedness of the municipality would be increased thereby beyond seven per cent. of the assessed value of the real property taxable therein. The principal and annual interest shall be payable on July 1. If accepted, bonds executed by the proper officers, in form satisfactory to the board of investment, shall be delivered to the auditor, who shall issue to the treasurer of the municipality his warrant for the proper amount, payable from the permanent school or university fund; but such warrant shall not be paid by the state treasurer until the bonds are delivered to him. ('97 c. 83 ss. 7-10; '03 c. 183)

See 1905 c. 8

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790. Special tax levy—The annual tax levy for the payment of principal and interest on account of such bonds shall be for an amount thirty per cent. in excess of the sum to be paid therefrom. The state auditor, at the time of certifying the state tax, shall also certify to each county auditor the amount necessary to pay such principal and interest. When collected, so much of such tax as may be necessary shall be paid into the state treasury, the remainder being credited to the general fund of the municipality. ('97 c. 83 s. 12)

791. Defaced bonds, etc., duplicates—Whenever any bond or other obligation of a municipality shall become so mutilated or defaced as to be unfit for circulation, it may be surrendered and canceled, and a duplicate thereof, and of the unpaid coupons, if any, may be issued to the owner, marked with the word "duplicate" and the date of issue; such marking to be signed by the treasurer then in office. But no such duplicate shall issue unless authorized by vote of the governing body of the municipality. (2225-2227; '95 c. 71)

792. Lost instruments—Indemnity—If any such obligation be destroyed or lost, another, upon a like vote, may be issued to the owner in its place, corresponding with the missing instrument in number, date, amount, and unpaid coupons, signed by the proper officials who are then in office, and marked and dated as provided in § 791. But in such case the owner shall first give bond to the municipality, in a sum double the amount of the lost obligation, conditioned to save it harmless in the premises, which bond shall be approved by a judge of the district court. A record of all such reissues and duplicates shall be kept by the treasurer, showing the date of issue and the persons to whom issued. (2228, 2229)

793. Laws as to outstanding bonds continued—Notwithstanding the repeal by the Revised Laws of statutes relating to bonds theretofore issued by any municipality, the obligations of such municipalities thereunder; and the duties of all public officers in any way relating thereto, shall continue in respect to such bonds until the same are fully paid.