

3557.

APPROVAL, BONDS OF CAMDEN TOWNSHIP RURAL SCHOOL DISTRICT, LORAIN COUNTY, OHIO—\$9,000.00.

COLUMBUS, OHIO, September 10, 1931.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

3558.

DISAPPROVAL, BONDS OF VILLAGE OF WILLIAMSBURG, CLERMONT COUNTY, OHIO—\$40,000.00.

COLUMBUS, OHIO, September 10, 1931.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

GENTLEMEN:—Re: Bonds of Village of Williamsburg, Clermont County, Ohio, \$40,000.00.

An examination of the transcript relative to the above issue of bonds discloses that this is an issue of mortgage bonds authorized under Section 12, Article XVIII of the Constitution of Ohio, for the payment of which the full faith, credit and revenue of the village is not pledged, the security being solely the waterworks property and the income therefrom.

Section 7896-16, General Code, authorizes your board to purchase "bonds of the United States, the State of Ohio, or of any county, city, village or school district of the State of Ohio."

The authority in this section to purchase "bonds of any city (or) village" might be said to include mortgage bonds of any municipality, using the term "bonds" in the generic sense. An examination of the term as used in the Constitution and in the statutes of Ohio, however, does not, in my judgment, authorize the use of the term "bonds" in this sense. Section 11, Article XII of the Constitution provides as follows:

"No bonded indebtedness of the state, or any political subdivision thereof, shall be incurred or renewed, unless, in the legislation under which such indebtedness is incurred or renewed, provision is made for levying and collecting annually by taxation an amount sufficient to pay the interest on said bonds, and to provide a sinking fund for their final redemption at maturity."

Throughout the Uniform Bond Act, wherever the unqualified term "bonds" is used, the reference is clearly to bonds which are payable out of the proceeds of taxation and for the payment of which the full faith, credit and revenue of the issuing subdivision is pledged. Section 2293-14 of that act expressly exempts from the limitations of net indebtedness therein provided for municipalities, bonds issued under authority of Section 10 or 12 of Article XVIII of the Constitution and designated such bonds as "mortgage bonds."