

DEPARTMENT OF CITY CLERK

CITY HALL

JUNE 15, 1983

The Committee on Finance reconvenes this day at 5:00 o'clock P.M. in Committee Room "A", City Hall.

Present: Chairwoman Brassil and Councilman Easton, Councilwoman Fagnoli and Councilman Farmer. Subsequently Councilman Dillon joins the Committee.

Also present are Finance Director Baron, City Internal Auditor Woerner and Mark Dunham from the Finance Department. (Rose M. Mendonca, Clerk).

RELATIVE TO BUDGET - FISCAL YEAR 1983-1984.

A communication is read by Chairwoman Brassil from City Solicitor Pisaturo relative to the proposal submitted from Union Planters Investment Banking Group at a previous meeting which states as follows:

June 14, 1983.

Jerome I. Baron, Finance
Director,
City Hall,
Providence, R.I. 02903.

Dear Mr. Baron:

RE: PROPOSAL FROM UNION PLANTERS INVESTMENT BANKING
GROUP RE FINANCING ABOUT \$37,290,000 GENERAL
OBLIGATION BONDS

This is in response to your letter of June 7, 1983.

I have reviewed your letter; I have had a telephone conference with Tom Belcher, Vice President of Fleet National Bank, and yourself.

After a review of the City Charter, it is my opinion and conclusion as follows:

That the proposed re-issuance of General Obligation Bonds "in an amount in excess of the aforementioned currently outstanding bonds" cannot be validly done without new bonding authority passed by the voters.

Among other reasons, this conclusion is based upon the following:

(a) In this case, the City would, in effect, be borrowing or issuing bonds (refinancing or refunding notwithstanding) in excess of the authority given by the voters in a bond referendum.

(b) Section 807 (p) of the Charter states as follows:

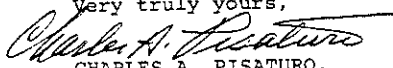
"Time limit on bond issuance. Bonds shall be issued within three (3) years following certification of their approval by the voters of Providence, unless the city council, by ordinance, grants an extension to the Treasurer which is not to exceed two (2) years. Any bond ordinance authorized by the electorate which has not been issued within five (5) years of that approval shall be void."

In this case, the bonds would have to be issued beyond the three-year time limit set by the said Charter.

(c) A review of the City Charter discloses no section or provision authorizing the proposed transaction under the existing circumstances.

If You have any further questions, or if I can be of further assistance, please let me know.

Very truly yours,


CHARLES A. PISATURO,
CITY SOLICITOR

CAP:RAF

cc: Charles R. Mansolillo,
Chief of Staff

JUNE 15, 1983

Discussion ensues as to whether Moody's would look favorably upon the financing of the bonds, plus it does not coincide with the Charter.

Councilman Farmer is of the opinion there are too many legal problems involved as he believes special legislation must be passed and there is a problem with the Charter.

It is also brought out that the gentlemen from Union Planters were to telephone Mr. Baron and Councilman Farmer and have not, up to this date.

As requested by Chairwoman Brassil, Mr. Woerner submits two lists of recommendations, one for a \$2.00 tax increase and one for a zero tax increase which are on file in folder dated this day.

Verbatim record is on tape in City Clerk's Department.

On motion of Councilman Dillon, seconded by Councilwoman Fagnoli, the Committee recesses at 6:45 o'clock P.M.

Rose M. Mendonca
Clerk

Copied *JMA*

Compared *JLD*