

Dec. 16<sup>th</sup> 1912.

The council met in regular session with President Hull in the chair.

The roll being called the following members answered to their names

Messrs. Barnard, Farmer, Gubb, Gower, Voss, Yarny Present 6. Absent 1.

The minutes of the previous meeting was read and approved.

The following claims for damages by reason of the N. Creek St Subway were read to council.

Wm Ellett . . . . .	\$ 11,500.00
John Yarny . . . . .	2,000.00
The Cleveland Sandusky Broom Co. . . . .	7,500.00
W. G. Kelly, Sarah Kelly . . . . .	2,000.00
W. H. Stockburger . . . . .	1,000.00

On motion Claims were referred to the City Solicitor.

The City Solicitor presented the following communication.

Dec. 16<sup>th</sup> 1912

To the President and  
Members of the Council  
of the City of Alliance  
Gentlemen -

As directed by your body, at your meeting on November, 25th, I have prepared, as nearly as I can, a resolution in regard to the change of sewer 138.

I have the gravest doubts about the legality of the resolution and I doubt the expediency of the change; although I have prepared the resolution as you have promptly directed I withhold my approval of the same.

I will say further that to make the change suggested by your committee to whom was referred Ordinance No 1466, your legislation relating to such sewer would have to begin "de novo" and the resolution that I submit is prepared for that purpose.

I also return Ordinance No 1466, and give as my opinion that it would be illegal for council to pass such an ordinance.

Respectfully Submitted  
Wm M. Loach

On motion of ~~Barnard~~ <sup>Farmer</sup> seconded by Barnard the communication was ordered filed.

Councilman Lower presented a communication relating to the Alliance City Hospital which was read. And referred to the Finance Committee.

On motion of Voss, seconded by Lower, the matter of legislating for Sewer No. 138 was referred to the Judiciary Committee.

Jarnard moved, seconded by Voss, that when we adjourn we adjourn to meet next Monday evening.

Which motion was agreed to.

On motion of Voss, Council adjourned.

Attest

Chas. Selow  
Clerk.

J. O. Hall President.

To the Honorable Council

City of Alliance, Ohio.

Gentlemen:-

We beg to call your attention to the bonded debt of the City of Alliance, Ohio, especially to the special assessment debt, which amounts to \$197,550.12 at this time.

The special assessment bonds are no part of the cost of conducting the city's business. They are no revenues. Special assessments simply means recovering amounts previously spent. Stated in general terms, the theory of assessments is, that the city lays out money for improvements, benefiting particular sections of the city and then levies assessments against the property benefited to recover the money so spent. When all assessments have been collected, there should be just enough money to pay off the bonds originally sold to raise funds for the assessable improvements.

Under the statutes of Ohio, bonds issued to improve a particular street, are made general obligation of the entire city. When the assessments are not paid, the sinking fund trustees are required to redeem said bonds and make up the deficiency from the general sinking fund, which is raised by general taxation. The sinking fund is raised by a levy on all the property of the corporation. This levy is based on the general bonded debt. The special assessment bonds are not considered, nor should they be, as they are to be paid by special assessment collections.

The city council in all its legislation has provided and issued bonds for the city's portion, which has amounted to 2% and the street intersections, and the benefited property owners, should pay the balance. The City's portion of these improvements are general obligations of the entire city.

During this year, your trustees have redeemed \$74,332.98 special assessments bonds, while the collections from special assessments to pay these bonds have been \$52,079.48. Consequently, we have been compelled to take from the general sinking fund \$22,253.00, which was raised to pay general bonds at maturity and not special assessment bonds. And it is to this that we desire to call your attention that, by this condition of affairs the finances of the city will be impaired instead of redeeming general bonds at maturity. If a city fails to provide for the retirement of its bonds at maturity either by amortization through its sinking fund, it places itself at an obvious disadvantage in offering its bonds for sale. Under sound financial methods for retiring its bonds at maturity, there is no reason why any city could not be able to borrow money freely on favorable terms for permanent properties and improvements. Of course, the bonds failing can be refunded or the time of payment be extended; but we do not regard this as sound. While we do not favor the issuing of bonds to take care of accumulated shortages, otherwise known as deficiencies, the conditions are such at this time that relief is necessary to put us on a sound financial basis and lock the door before the horse is stolen, and would recommend that your Finance Committee investigate this matter, with the view of providing a relief by issuing refunding bonds.