

No. 192

SCHOOL DISTRICT BONDS—TERM AND DENOMINATION OF SERIAL BONDS—REDEMPTION RIGHT—BONDS—SERIAL BONDS

- Held: 1. Serial bonds may not be sold in denominations smaller than \$100.00 and term of bonds must be fixed so as to pay at least that amount annually.
2. Payment on serial bonds must be made each and every year during the term thereof.
3. The right to redeem school district bonds, as set out in the statute, cannot be changed by a vote of the electors.

July 31, 1941.

Mr. Cleveland Hall
Deputy County Attorney
Cascade County
Great Falls, Montana

My dear Mr. Hall:

You have requested the opinion of this office concerning the effect of Section 1224.3 of the Revised Codes of Montana of 1935, as amended by Section 1, Chapter 178 of the Laws of 1939, which specifies what forms of bonds may be issued by school districts. The amount of serial bonds to be paid each year is to be determined, under that section, by dividing the total of the bond issue by the number of years the issue is to run. It is also provided the first year's installment may vary from the others "to the extent resulting from fixing the amount of each bond of the other installments at the nearest practical multiples of one hundred Dollars

(\$100.00)." Your problem arises in connection with a bond issue of \$1000.00 proposed to be paid over a period of 20 years, in which case serial bonds, if fixed in the manner provided by statute, would have to be \$50.00 denominations which amount would be payable each year but which conflicts, of course, with the provision serial bonds are to be in "multiples of one hundred dollars (\$100.00)."

Before amendment, Section 1224.3 provided the serial bonds could be in multiples of ten dollars (\$10.00). To give effect to the amendment, serial bonds must now be provided for in multiples of one hundred. Webster's New International Dictionary defines multiple as "The product of a quantity by an integer." An "integer" means a "whole number." The smallest whole number is one (1). Accordingly, provision must be made for the issuance of serial bonds in amounts not smaller than \$100.00, except a bond of the first installment. The result of the amendment of Section 1224.3 by Section 1 of Chapter 178 of the Laws of 1939 is to prevent the repayment of bonds in amounts less than \$100.00 per year, except the first year, since the smallest serial bond that can be issued is \$100.00 (excepting, always, the authorized bond of the first installment). Apparently it was the intention of the legislature to require bond issues of school districts, however small, be paid off at least \$100.00 per year, permitting an odd payment the first year.

You stated the notice of election and the ballot used at the election provided the bonds "will be payable in installments over a period of 20 years and redeemable in full 20 years from date of issue." Both the notice of election and the ballot were defective with respect to the redeemable feature. Section 1224.4, as amended by Section 2 of Chapter 178 of the Laws of 1939, provides, "All bonds shall be redeemable when one-half of the term for which they were issued has expired and on any interest due date thereafter, prior to their maturity and such redemption right must be stated on the face of the bond." The redemption right specified in the statute cannot be changed by a vote of the electors.

It is my opinion serial bonds cannot be issued or sold by school districts in denominations smaller than \$100.00. The term of school district bonds must be so fixed as to provide for the payment of at least \$100.00 annually in the event serial bonds are issued, provided, the first annual installment of serial bonds may vary in amount as specified in the statute. It is also my opinion payment on serial bonds must be provided for each and every year during the term of the bonds and the first payment must be one year after the date of the bonds. It is also my opinion the right to redeem bonds, as set out in Section 1224.4, as amended, cannot be changed by a vote of the electors.

Very truly yours,

JOHN W. BONNER
Attorney General