

**OPINION
73-372**

January 30, 1973 (OPINION)

Ms. Helen Foghty
President
Devils Lake School District
Devils Lake, ND 58301

Dear Ms. Foughty:

RE: Lake Region Junior College
Revenue Bonds of 1972,
\$1,250,000

As requested, we have examined the certified copies of the proceedings pertaining to the bond issue in the amount of \$1,250,000 known as Lake Region Junior College Revenue Bonds of 1972; in addition we have examined a certified copy of the bond as well as a specimen copy of the bond.

The authority for issuing such bonds is based on chapter 15-55 of the North Dakota Century Code. The proceedings had by the school board in accordance with the North Dakota statutes pertaining thereto, and the covenants contained in the resolution are permissible and are within the statutory authority given to the school board.

Under this bond issue the school district has entered into a valid and binding obligation to pay the principal and interest thereon from revenues derived from the operation of the project. The net revenues of the project are pledged for the payment of principal and interest of the bond issue.

Section 15-55-07 of the North Dakota Century Code requires that all bonds issued under the provisions of chapter 15-55 have endorsed thereon a statement to the effect that the same do not constitute an obligation of the State of North Dakota, the school district, the school board, nor the individual members, officers or agent thereof, nor of the institution upon which the improvement is located. The bonds in question do not state they are not the obligations of the State of North Dakota but do contain such a statement with respect to the school district, the college and the individual school board members, officers or agents thereof. We presume the state was omitted in view of section 15-55-19 of the North Dakota Century Code which provides in part that references in chapter 15-55 to the state, state treasury, state treasurer, state auditor shall be construed to mean the school district, school district treasury, school district treasurer and school district clerk when the bonds are issued by a school district. While we believe it would have been preferable that the bonds include a statement to the effect that they are not an obligation of the State of North Dakota, as well, we find that the bond and covenants do not obligate the state or the school district except as to the revenues produced from the project.

It is our opinion that the said bond issue is valid as to form and

that the same creates a legal and binding obligation as heretofore stated upon the sale and deliverance of said bonds to the purchasers.

Sincerely yours,

Allen I. Olson

Attorney General

cc: Andrew Fuller

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