



**TOWN OF IRVINGTON, VIRGINIA  
TOWN COUNCIL WORKSHOP  
ESTABLISHING PROCEDURES FOR ACCEPTING AND  
ADOPTING DEBT  
IRVINGTON BAPTIST CHURCH  
THURSDAY, July 11, 2024; 5:30 p.m.**

## **SUPPLEMENTARY INFORMATION**

### **1. Irvington's current Charter language on debt approval**

§ 12. The council may adopt rules for regulating its proceedings, but no tax shall be levied, or corporate debt contracted, except by a recorded two-thirds vote of all the members elected to the council or appropriation of money exceeding the sum of one hundred dollars be made, except by a recorded affirmative vote of a majority of all the members elected to the council. (1958, c. 366)

### **2. Constitution of Virginia, Article VII. Local Government Section 10. Debt**

(a) No city or town shall issue any bonds or other interest-bearing obligations which, including existing indebtedness, shall at any time exceed ten per centum of the assessed valuation of the real estate in the city or town subject to taxation, as shown by the last preceding assessment for taxes.

### **3. Other Charter examples:**

- **Hurt**

§ 9. Taxes.

(9) The council, in the name of and for the use of the town, may contract loans, incur indebtedness and cause certificates of debt or bonds to be issued, whenever two-thirds of its members by a recorded vote decide that it is to the interest of the town so to do, but such council may only borrow money to the extent prescribed by the Constitution and laws of this State. But the council shall issue no bonds or certificates of debt, except in anticipation of current revenue, until it shall have first submitted to the qualified voters of said town the question of whether or not such bonds shall be issued and a majority of the qualified voters voting at any election held for such purpose shall have voted for such issue. Such election shall be held under the provisions of the general laws of this State, except the council shall have power to call such election and fix the date thereof by ordinance, copy of which shall be published at least five days beforehand in some newspaper published in said town or having general circulation therein. The publisher of the newspaper shall certify to the publication thereof, which certification shall be recorded in the minute book of the town. The judges conducting any such election shall certify the returns to the clerk of the circuit court of Pittsylvania County and to the said council, not to the judge of the circuit court of said county.

- **Culpepper**

§ 7.3. Creation of debt; election on issuance of bonds.

Any ordinance creating a debt for which money is to be borrowed shall be adopted by a majority vote of the elected members of the town council.

The town council may, and upon receipt of a petition signed by fifteen percent of the qualified electors of the town registered as of January 1 of the year in which the petition is received by council shall, submit to a vote of the qualified electors of the town the question of whether such money shall be borrowed. Any such petition shall be filed with the town clerk within thirty days of the vote of the town council to borrow money.

Such election shall be held in the manner provided for such elections by the general laws of the Commonwealth. A majority vote of the qualified electors voting at such election shall be required for the approval of the borrowing of such money.

The provisions of this section shall not be construed to prohibit the town council from proceeding under any provisions of the Constitution of Virginia and general laws of the Commonwealth in the borrowing of money. (1968, c. 247; 1993, c. 320)

- **Buena Vista**

§ 2.214. To borrow money, contract debts, and make and issue, or cause to be made and issued, as evidence thereof, bonds, notes, or other obligations, within the limitations prescribed by the Constitution, and in accordance with the provisions of the law concerning bond issues by cities, upon the credit of the city, or solely upon the credit of specific property owned by the city or solely upon the credit of income derived from property used in connection with any public utility owned or operated by the city. Except, that any bonded indebtedness shall be by referendum and passed by a majority of the qualified voters voting in the referendum and all other indebtedness incurred by the city council shall not exceed fifty percent of the previous year's taxes levied against real estate, except in case of fire, flood, epidemic or other disaster or act of God in which life and property are in danger. However, the referendum required by this section for bond issuance shall not apply to bonds issued for the sole purpose of constructing a flood control project, provided such bonds are issued before June 30, 1996. (1952, c. 325; 1975, c. 169; 1988, cc.139, 320; 1992, cc. 36, 280)

- **Sample language submitted by Dr. Robert Westbrook**, which could be added to the current Charter under Article IV. Taxation and Finances, section 4 (with the blue text being the recommended addition):

To contract debts in the name of and for the use of the town and make and issue, or cause to be made and issued, as evidence thereof, bonds, notes and other obligations, within the limitations prescribed by the laws of this State concerning bonds issued by the town upon credit of the town, or solely upon the credit of specific property owned by the town, or solely upon the credit of income derived from property used in connection with any public utility owned and operated by the town. However, any bonds or other interest-bearing obligations, to include Certificates of Participation (COP), Moral Obligation Bonds, “Specials”, General Obligation Bonds (Go Bonds), Leases, Lease-Revenue Bonds, Revenue Bonds, or any other existing or future financial instrument designed to effectively skirt the legal definition of debt but which is in fact a debt to be paid by the citizens, if, when added to the existing other debt, would result in a total financial obligation of the town that exceeds seven hundredths percent\* (0.07%) of the assessed valuation of the real estate in the town subject to taxation, as shown by the last preceding assessment for taxes, then issuance of that financial obligation shall require the question to be put before the qualified voters of the town by referendum and the majority of the qualified voters participating in any election held for such purpose shall have voted for such issuance.

*\*Note: 0.07% of the assessed value of real estate in Irvington would currently put the ceiling close to about \$150,000.*

- **Sample language submitted by Marsha Chapman, George Kuper and David Cheek\*** for Article IV. Taxation and Finances, section 4: To contract debts in the name of and for the use of the town and make and issue or cause to be made and issued as evidence thereof, bonds, notes and other obligations within the limitations prescribed by the laws of this state concerning bonds issued by the town upon the credit of the town, or solely upon the credit of specific property owned by the town or solely upon the credit of income derived from property used in connection with any public utility owned and operated by the town; [provided, however, that Council shall issue no bonds, notes or certificates of indebtedness unless and until the question of issuing these shall have first been submitted to the qualified voters of the town by referendum at a general or special election and shall have been approved by a majority of such voters voting on the question of such issue. Any lease contract that contains a non-financial asset that is accounted for as a lease under GASB-87 is exempt from the foregoing election requirement.]

*\*Note: authors adapted this from the Charters of the Town of Stony Creek and the City of Martinsville, VA*

#### **4. Inventory of common items found in Virginia town/city Charters regarding language on debt approval:**

- The rights of the Council and if the referendum is required or voluntary  
Some options seen are:
  - Only council majority vote required
    - Two-Thirds
    - Unanimous
  - Council majority vote OR Council may elect to send to voter referendum if they so choose.
  - Council majority vote AND the debt must also achieve a majority approval in a voter referendum.
  - Only a majority vote of qualified voters.
  
- What triggers the voter referendum?  
Some options seen are:
  - Debt above anticipated town revenue
  - Debt above a percentage of real estate value
  - Voter petition
  
- When referendums are required, are there cases where acquiring debt is exempt?  
Some options seen are:
  - In cases of fire, flood, and other disaster relief or to address a situation that currently endangers the lives of the citizens.
  - When debt is less than the stated threshold amount/percent/other calculation.