

ORDINANCE NO. 2019 - 13

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF HARRISON BY amending the City Code, Ordinance Number 25.212, 25.217, 25.219.

Ordinance Number 25.212, 25.217, 25.219 of the Harrison City Code is hereby revoked and restated as follows:

25.212 - Funds .

Sec. 12. ~~Beginning on November 1, 1956,~~ The revenues of the System shall be set aside, as collected, and deposited in a separate depository account in an FDIC approved bank in accordance with the laws of the State of Michigan and the directives of the Michigan Department of Treasury, as issued time to time. ~~STATE SAVINGS BANK OF HARRISON, Harrison, Michigan, a bank duly qualified to do business in Michigan, in an account to be designated WATER SUPPLY SYSTEM-RECEIVING FUND (hereinafter, for brevity, referred to as the "Receiving Fund"), and said revenues so deposited are pledged for the purpose of the following funds and shall be transferred from the Receiving Fund periodically in the manner and at the times hereinafter specified.~~

- (A) OPERATION AND MAINTENANCE FUND: Out of the revenues in the Receiving Fund there shall be first set aside, quarterly, into a separate depository account designated OPERATION AND MAINTENANCE FUND, a sum sufficient to provide for the payment of the next quarter's current expenses of administration and operation of the System and such current expenses for maintenance thereof as may be necessary to preserve the same in good repair and working order.

The City Council, prior to the commencement of each operating year shall adopt a budget covering the foregoing expenses for each year, and such total expenses shall not exceed the total amount specified in said budget, except by a vote of two-thirds (2/ 3) of the members of the City Council. There shall also be included in said budget all expenditures to be made from the Replacement Fund and the Improvement Fund.

- (B) BOND AND INTEREST REDEMPTION FUND: There shall next be established and maintained a separate depository account designated BOND AND INTEREST REDEMPTION

FUND, the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of and interest upon the bonds hereby authorized. The moneys in the Bond and Interest Redemption Fund (including the Bond Reserve Account hereinafter established) shall be kept on deposit with the bank or trust company where the principal and interest on the bonds herein authorized are currently payable.

Out of the revenues remaining in the Receiving Fund after provision has been made for expenses of operation and maintenance of the System there shall next be set aside, quarterly, in the Bond and Interest Redemption Fund, a sum proportionately sufficient to provide for the payment of the principal of and interest upon all outstanding bonds payable from the revenues of the System, as and when the same become due and payable. Commencing January 1, 1957, the amount so set aside for interest each quarter during the first six (6) months of each operating year shall be not less than one-half ($\frac{1}{2}$) of the total amount of interest maturing on the following July 1st, and each quarter during the last six (6) months of each operating year shall be not less than one-half ($\frac{1}{2}$) of the total amount of interest maturing on the following January 1st. Commencing January 1, 1958, the amount so set aside for principal each quarter during each operating year shall be not less than one-fourth ($\frac{1}{4}$) of the principal maturing on the following January 1st. If there shall be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added to the current requirements.

There is hereby established in the Bond and Interest Redemption Fund a separate account to be known as the Bond Reserve Account, into which account there shall be deposited, after providing for all requirements of the Operation and Maintenance Fund and current requirements of the Bond and Interest Redemption Fund, in equal quarterly installments, the sum of Three Thousand (\$3,000.00) Dollars during each of the operating years commencing January 1, 1958 and January 1, 1959, and the sum of Four Thousand (\$4,000.00) Dollars during the operating year beginning January 1, 1960 and January 1, 1961, so that by the close of said operating year beginning January 1, 1961, said Bond Reserve Account will total the sum of Fourteen Thousand (\$14,000.00) Dollars. Moneys in

said Bond Reserve Account shall be used solely for the payment of principal and interest on said bonds, if necessary.

If, at any time, it shall be necessary to use moneys in the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the net revenues first received thereafter which are not required by this Ordinance to be used for operation and maintenance or for current principal and interest requirements: Provided, however, that such Bond Reserve Account shall not be regarded as moneys otherwise appropriated or pledged for the purpose of determining the sufficiency of funds available for redemption of callable bonds.

No further payments need be made into the Bond and Interest Redemption Fund after enough of the bonds have been retired so that the amount then held in said fund (including the Bond Reserve Account) is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the bonds then remaining outstanding.

- (C) **REPLACEMENT FUND:** There shall next be established and maintained a separate depository account designated **REPLACEMENT FUND**, which shall be used solely for the purpose of making major repairs and replacements to the System, if needed. There shall be deposited into said fund, after providing for all requirements of the Operation and Maintenance Fund and the Bond and Interest Redemption Fund (including the Bond Reserve Account) the sum of One Thousand (\$1,000.00) Dollars, in equal quarterly installments, during each of the operating years commencing January 1st of each of the years 1958 to 1962, both inclusive, so that the sum in said Replacement Fund shall total Five Thousand (\$5,000.00) Dollars by the close of the operating year beginning January 1, 1962. If, at any time, it shall be necessary to use moneys in said fund for such purpose, the moneys so used shall be replaced from the net revenues in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Bond and Interest Redemption Fund (including the Bond Reserve Account).

- (D) **IMPROVEMENT FUND:** There shall next be established and maintained a separate depository account designated **IMPROVEMENT FUND**, the moneys on hand therein from time to time to be used for the purpose of acquiring additions, extensions and improvements to the System. There shall be deposited in said fund at the end of each operating year after providing for all requirements of the Operation and Maintenance Fund, the Bond and Interest Redemption Fund, (including the Bond Reserve Account), and the Replacement Fund, such moneys as the City Council shall deem to be necessary for making additions, extensions and improvements to the System.
- (E) **SURPLUS FUND:** Any revenues remaining in the Receiving Fund in any operating year after meeting all requirements of the Operation and Maintenance Fund, the Bond and Interest Redemption Fund (including the Bond Reserve Account), the Replacement Fund, and the Improvement Fund, shall be deemed to be surplus and may, at the direction of the City Council, be transferred to the Bond and Interest Redemption Fund for the purpose of calling bonds herein authorized, or transferred into the Improvement Fund: Provided, however, that in the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund and the Bond and Interest Redemption Fund (including the Bond Reserve Account) any moneys and/or securities in other funds of the System shall be transferred first to the Operation and Maintenance Fund, and second to the Bond and Interest Redemption Fund to the extent of any deficit therein.

25.217 - Proceeds of bond sale.

Sec. 17. The proceeds of the sale of the bonds herein authorized to be issued shall be deposited in an FDIC approved bank in ~~STATE SAVINGS BANK OF HARRISON,~~ Harrison, Michigan, a bank insured by the Federal Deposit Insurance Corporation, in a separate depository account, and there shall first be transferred to the Bond and Interest Redemption Fund the amount of premium and accrued interest paid, if any, and the balance of such proceeds shall be applied solely in payment of the cost of the project hereinbefore described and any engineering, legal and other expenses incident thereto and to the financing thereof. Payments for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with the City Council a signed statement to the effect that the work has been

completed in accordance with the plans and specifications therefor, that it was done pursuant to and in accordance with the contract therefor, and that such work is entirely satisfactory.

Any unexpended balance of the proceeds of sale remaining after completion of the project herein authorized may, in the discretion of the City Council, and to the extent of Twenty Thousand (\$20,000.00) Dollars, be used for further improvements, enlargements and extensions to the System, provided that at the time of such expenditure, such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund and shall be used for the redemption of callable bonds, or prior to the first call date only, purchasing bonds on the open market at not more than the fair market value thereof, and at a price in any event not exceeding the first call price.

25.219 - Additional bonds.

Sec. 19. The right is reserved, in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended, to issue additional bonds payable from the revenues of the System, which shall be of equal standing with the bonds herein authorized but only for the following purposes and on the following conditions:

- (a) To complete the project herein described in accordance with the plans and specifications therefor. ~~Bonds shall not be authorized unless John C. Norton and Associates, The consulting engineers, or the successor engineer in charge of construction, shall execute a certificate to the effect that additional funds are needed to complete the project in accordance with the plans and specifications therefore. If such certificate shall be so executed and filed, it shall be the duty of the City Council to provide for and issue additional revenue bonds in the amount stated in said certificate to be necessary to complete the public improvements in accordance with the plans and specifications.~~
- (b) For extensions and improvements to the System: Provided, that no additional bonds shall be issued unless the average net revenues for the two completed operating years next preceding the issuance of the additional bonds or the net revenues for the immediately preceding operating year,

whichever is lower, when supplemented by the net revenues estimated to accrue from the making of the extensions and improvements proposed and/ or from an increase in the water rates provided for in the Ordinance authorizing such additional bonds, are equal to not less than one hundred fifty (150%) percent of the largest amount of combined principal and interest to fall due in any future operating year on any bonds then outstanding, payable from the revenues of the System and on the additional bonds so to be issued. As a condition precedent to the issuance of said bonds, a written estimate of the net revenues estimated to accrue from the proposed extensions and improvements and from the rate increases, concurred in and executed by such engineer as shall be designated by the City Council, and by the engineer of the Municipal Finance Commission (or in the event no such State officer or agent exists, an engineer selected by the Municipal Finance Commission, or successor State agency having jurisdiction over the issuance of municipal bonds), shall be filed with the City Clerk and the Municipal Finance Commission. Permission of the Municipal Finance Commission (or such other Commission as shall have jurisdiction over the issuance of municipal bonds) to issue such additional bonds shall constitute a conclusive presumption of the existence of conditions permitting the issuance thereof.

No additional bonds of equal standing shall be issued pursuant to the authorization contained in this section if the City shall then be in default in making payments to the Operation and Maintenance Fund, the Bond and Interest Redemption Fund (including the Bond Reserve Account), and the Replacement Fund.

Passed by the City of Harrison on _____, at its regular meeting with _____ council members in attendance, _____ voting aye, _____ nay.
Adopted by the City of Harrison this _____ day of _____, 2019.

Signed: _____, Chair.

I hereby certify that the foregoing was duly adopted by the City of Harrison, Michigan, at its regular meeting on the _____ day of _____, 2019, that of _____ members of the City Council, _____ were in attendance and _____ voted for the adoption of the Ordinance. I further certify that the above and foregoing ordinance is recorded in Ordinances for the City of Harrison.

Effective Date

This Ordinance shall take effect thirty (30) days following date of publication as required by law. All Ordinances or part Ordinances in conflict with any of the provisions of this Ordinance are hereby repealed.

Tracey Connelly, Clerk