

**PLEASE ALSO REFER TO OTHER ORDINANCES:**

Water Supply Number 23 with Eight Amendments

Bond Sanitary Sewer System Number 29

Sewer Rate Number 30 with Amendments

Revised Sewer Rules and Regulations Number 31

Water Supply Cross Connection Rules Number 41

Water Distribution and Production System Number 61

## UNITED STATES DEPARTMENT OF AGRICULTURE FARMERS HOME ADMINISTRATION

## BOND ORDINANCE NUMBER TWENTY-NINE

ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE BONDS BY THE CITY OF CARSON CITY, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING A MUNICIPAL SANITARY SEWER SYSTEM: PRESCRIBING THE FORM OF BONDS: PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES: AND, PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF.

WHEREAS, The City of Carson City, Montcalm County, Michigan has a partial Municipal Sanitary Sewer System at the present time and the City Council has found that it is advisable and necessary for the best interest of the City that a complete system be built pursuant to Article VII of the Constitution of 1963 of Michigan and the Revenue Bond Act of 1933, as amended (Michigan Annotated Statutes, 5.2731, et seq.), (herein called Act); and

WHEREAS, The City and City Council has caused suitable plans and specifications sufficient to inform the public of the nature, character and cost of such improvements to be made by competent engineers on behalf of said City and said plans and specifications have been accepted and approved by the City and City Council and are now on file in the Office of the City Comptroller open for public inspection; and

WHEREAS, the City Council after due investigation has determined that it will be necessary for the said City to furnish funds in an amount not exceeding \$640,000 to pay the costs of construction of said Sanitary Sewer System including all construction expenses necessary to be incurred in connection with such construction, legal and engineering services, the cost of issuance of bonds and that it is necessary and proper for the City Council to authorize the issuance of \$640,000 in revenue bonds, pursuant to the Act, for the purpose of funds to pay such costs; and

WHEREAS, THE City Council has determined that the City is unable to obtain sufficient credit elsewhere to finance the construction of the Sanitary Sewer System taking into consideration prevailing private and cooperative rates and terms currently available and the City Council has determined it is necessary to obtain a loan from the United States acting through the Farmers Home Administration, United States Department of Agriculture (herein called government) pursuant to the provisions of the Consolidated Farmers Home Administration Act of 1961; and

WHEREAS, the City finds all conditions precedent to the authorization of such revenue bonds have been met.

THE CITY OF CARSON CITY ORDAINS:

SECTION I. The City of Carson City now proceed with the construction of a Sanitary Sewer System and furnish the City and its inhabitants with an adequate system and that said construction be carried out in accordance with plans and specifications and estimates referred to above. Said system shall include trunk and lateral sanitary sewers,

(Ordinance number twenty-nine cont'd)

pumping stations, force mains, oxidation ponds, and all necessary appurtenances. The City Council hereby finds and determines that total estimated cost of the system is \$640,000 and that when said system is installed, it shall be operated as a public utility including all extensions and improvements to said system; that prior to the issuance of the Sanitary Sewer System Revenue Bonds, rates and charges for the services of said utility will be fixed in an amount sufficient to pay the costs of operation and maintaining the said system and to leave an amount of revenues adequate for the principal and interest, debt services, reserve, replacements and improvement requirements and all other requirements provided herein, and otherwise comply with the covenants herein provided, and that it is necessary to sell the Sanitary Sewer System Revenue Bonds (herein called bonds) in the principal amount of \$640,000 and having the terms provided herein, the proceeds to be used for the purpose of construction of the system and purposes incidental thereto and incidental to the issuance of said bonds, and for such other purposes as may be described herein.

SECTION II. The City Council hereby declares that the period of usefulness of the system to be constructed pursuant to the ordinance is forty (40) years from the date of completion.

SECTION III. The revenue bonds shall be issued in a fully registered form with interest coupons, shall be dated the date delivered to the government, shall be in the denomination of \$1,000 each and shall be numbered 1 to 640, both inclusive. The bonds shall be negotiable. The bonds shall be registered on the books of the City, kept for that purpose by the Bond Registrar upon presentation thereof which registration shall be noted thereon by the registrar after which no transfer shall be valid unless made on said book and similarly noted on the bonds. No charge shall be made for registration. The City Comptroller shall act as the Bond Registrar. All of said bonds shall bear interest at a rate of 4. 1/2% per annum. All interest to be payable on July 1, 1968, and semi-annually thereafter on January 1 and July 1 until payment of the principal amount of each bond. Said bonds shall be scheduled to become due and payable in numerical order on January 1 in the respective years as follows:

Number	Year	Amount		
1- 8	1970	\$8,000	Ph. by Rev. Pursuant to Ord.	
9- 16	1971	8,000		
17- 25	1972	9,000		12/17/71
26- 34	1973	9,000		12/6/72
35- 43	1974	9,000		12/13/73
44- 52	1975	9,000	12/12/74	
53- 61	1976	9,000	12/12/75	
62- 71	1977	10,000	12/21/76	
72- 81	1978	10,000	12/14/77	
82- 91	1979	10,000	12/27/78	
92-101	1980	10,000	12/17/79	
102-112	1981	11,000	1/1/81	
113-123	1982	11,000	12/30/81	
124-135	1983	12,000	12/15/82	

## (Ordinance Number Twenty-nine Cont'd)

Number	Year	Amount
136-147	1984	\$12,000 ✓ 12/8/83
148-160	1985	13,000 ✓ 12/26/84
161-174	1986	14,000 ✓ 12/2/85
175-189	1987	15,000 ✓ 12/1/86
190-204	1988	15,000
205-220	1989	16,000
221-237	1990	17,000
238-254	1991	17,000
255-272	1992	18,000
273-291	1993	19,000
292-311	1994	20,000
312-332	1995	21,000
333-354	1996	22,000
355-376	1997	22,000
377-400	1998	24,000
401-425	1999	25,000
426-451	2000	26,000
452-478	2001	27,000
479-505	2002	27,000
506-532	2003	27,000
533-559	2004	27,000
<sup>585</sup> 560-586	2005	<sup>26</sup> 27,000
587-613	2006	27,000
614-640	2007	27,000

12/1/86  
396,000<sup>✓</sup>-ft.

Pd. 586 thru 640

The bonds shall be executed by the Mayor of the City and attested by the Comptroller with the corporate seal affixed. The interest coupons shall bear the facsimile signature of the Comptroller and corporate seal. Provided, however, that all said bonds shall be subject to redemption by said City at its option prior to maturity in inverse numerical order, on any interest payment date at par plus accrued interest by written notice at least forty days prior to redemption date to the registered holders at their addresses as shown in the Registration Book. Principal shall be payable upon presentation and surrender of the bonds. The interest coupons shall be registered in the name of the holder of the bond and shall be payable upon presentation and surrender of the coupons as they become due. Said bonds shall constitute a first statutory lien upon the net revenues of the system.

SECTION IV. The form and tenor of said bonds shall be substantially as follows:

## UNITED STATE OF AMERICA

STATE OF MICHIGAN

COUNTY OF MONTCALM

CITY OF CARSON CITY

SEWER SYSTEM REVENUE BOND

NO. \_\_\_\_\_

\$1,000

The City of Carson City, Montcalm County, Michigan, for value received hereby promises to pay to the registered holder hereof out of the fund as herein provided, the principal sum of \$1,000 on the first day of January, 1970, with interest on said sum from the date hereof at the rate of 4-1/2% per annum semi-annually on the first day of January and July in each year until said sum is paid.

The principal shall be payable upon presentation and surrender of this bond. The interest coupons shall be registered in the name of the holder of the bond and shall be payable upon presentation and surrender of this bond. The interest coupons shall be registered in the name of the holder of the bond and shall be payable upon presentation and surrender of the coupons as they become due.

This bond is one of a duly authorized issue of bonds numbered consecutively from 1 to 640, inclusive, aggregating \$640,000 principal amount and has been issued by the City of Carson City pursuant to an ordinance passed by the City Council on March 7, 1968, entitled:

"ORDINANCE AUTHORIZING THE ISSUANCE OF SANITARY SEWER SYSTEM REVENUE BONDS BY THE CITY OF CARSON CITY, MICHIGAN, FOR THE PURPOSE OF CONSTRUCTING A MUNICIPAL SANITARY SEWER SYSTEM; PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE COLLECTION OF REVENUE FROM SAID SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE THEREOF, PROVIDING AN ADEQUATE RESERVE FUND THEREFOR, AND PROVIDING FOR THE PAYMENT OF SAID BONDS AND FURTHER PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF SAID REVENUES; AND, PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS IN ENFORCEMENT THEREOF."

and in substantial compliance with The Revenue Bond Act of 1933, as amended and supplemented.

This bond, and series of which it is one, with interest thereon, is payable from and secured by and constitutes a statutory first lien on the net revenues (defined as the gross revenue after deduction only for reasonable expenses of administration, operation and maintenance) of said Sanitary Sewer System, including all extensions, additions and improvements thereto, subsequently constructed or acquired, out of which net revenue there is to be deposited in a fund designated "Sanitary Sewer System Revenue Bond and Redemption Fund Account" created by said ordinance, a sum sufficient to pay the principal of and interest on all of said bonds. This bond is self-liquidating and not a general obligation and is payable only

(Ordinance Number Twenty-nine Cont'd)

from said Redemption Fund and does not constitute an indebtedness of the City of Carson City within the provisions and limitations of the Laws and the Constitution of the State of Michigan.

Said City acting through its Council covenants that it will fix and revise such rates and charges for the service and facilities of the Sanitary Sewer System and collect and account for income and revenue therefrom sufficient to promptly pay all expenses incident of the operation of the system, principal and interest and insurance charges on the bond, to provide for a Redemption Fund for the liquidation of all bonds for the payment of any taxes and assessments on revenues thereof.

The bond and coupons shall be registered as to principal and interest in the name of the holder in accordance with the ordinance after which it shall be transferable only upon presentation to such registrar with a written transfer duly acknowledged by the registered holder or his attorney in fact, such transfer shall be noted upon the bond and upon the books of the City kept for that purpose.

Any of said bonds outstanding may be from time to time called for redemption by said City at its option prior to maturity, serially and in inverse numerical order, on any interest due date at par plus accrued interest. Forty days redemption notice shall be given to the registered holder by certified mail.

All of the bonds of this issue as to which said City reserves and exercises right of redemption and as to which notice shall have been given and for the retirement of which funds are duly provided will cease to bear interest on the redemption date.

Upon default in the payment of principal or interest on this bond or any other bond of the series of which it forms a part, or upon failure of the City to comply with any other provisions of this bond or the provisions of the ordinance, the registered holder may at its option institute all rights and remedies provided by Law and said ordinance.

IN WITNESS WHEREOF, the City of Carson City, Montcalm County, Michigan, acting through the City Council has caused this bond to be executed in its corporate name by the Mayor the corporate seal to be affixed thereto and attested by its Comptroller.

CITY OF CARSON CITY

By Paul Geller  
Paul Geller, Mayor

SEAL

Attest:

Velma Tabor  
Velma Tabor, Comptroller

(Ordinance number Twenty-nine Cont'd)

PROVISIONS FOR REGISTRATION

This bond shall be registered on the books of the City kept for that purpose by Comptroller, upon presentation thereof to said Comptroller who shall make notation of such registration in the registration blank and this bond may thereafter be transferred only upon an assignment duly executed by the registered holder or his attorney in fact such transfer to be made on said books and endorsed hereon.

REGISTRATION


<u>Date of Registration</u>	<u>name of Registered Holder</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

## (FORM OF COUPON)

The Comptroller of Carson City, Montcalm County, Michigan, will pay to the registered holder of the bond to which this is attached out of the future earnings of the Sanitary Sewer System, \$\_\_\_\_\_, on \_\_\_\_\_ at \_\_\_\_\_, for semi-annual interest on its Sanitary Sewer System Revenue Bond, No. \_\_\_\_\_, dated \_\_\_\_\_. This coupon is not a general obligation of the Borrower and is payable solely from certain revenues as set forth in the bond to which this coupon pertains.

(FACSIMILE SEAL)

(FACSIMILE SIGNATURE)

  
Comptroller

of City of Carson City,

Montcalm County, Michigan

SECTION V. The bonds hereby authorized, together with interest thereon, shall be payable from the net income and revenue to be derived from the operation of the Sanitary Sewer System, to pay such principal and interest as and when the same shall become due, is hereby pledged and shall be set aside for the purpose and identified as the "Sanitary Sewer System Revenue Bond and Interest Redemption Fund Account," as hereinafter specified.

(Ordinance Number Twenty-nine Cont'd)

SECTION VI. The Comptroller of said City shall be custodian of all funds belonging to and or associated with the Sanitary Sewer System and such funds shall be deposited in the State Bank of Carson City, Carson City, Michigan, which bank is a member of the Federal Deposit Insurance Corporation. All monies in excess of \$15,000 in the supervised bank account shall be secured by the depository bank in advance in accordance with United States Treasury Department Circular No. 176. The City Comptroller shall execute a fidelity bond in an amount not less than \$24,000 with a surety company approved by the government, and the United States and the City shall be named as co-obligees in such bond and the amount thereof shall not be reduced without the prior written consent of the government. The said City Comptroller is hereby directed to create the following funds and accounts into which the bond proceeds and the revenues and income from the Sanitary Sewer System shall be deposited, which accounts shall be established and maintained, except as otherwise provided, so long as any of the bonds hereby authorized remain unpaid.

A. CONSTRUCTION ACCOUNT. The proceeds of the bonds hereby authorized shall be deposited in the Construction Account which shall be established as a supervised bank account and such proceeds shall be withdrawn on the orders of the City Council of City of Carson City only on checks signed by the Comptroller of the City and countersigned by the County Supervisor of the Farmers Home Administration and only for the purposes for which said bonds were issued. Interest on the bonds shall be capitalized for a period of one year which is the estimated time for completion of construction, and there shall be set aside from the proceeds of the bonds the amount of interest which will accrue during such period at the interest rate specified in the bonds into the Redemption Fund to be used to pay capitalized interest only. When the construction of the system has been completed and/or construction costs have been paid in full, any balance remaining in the construction account shall be deposited in the Sanitary Sewer System Revenue Bonds and Interest Redemption Fund and said construction account shall be closed.

B. SANITARY SEWER SYSTEM BOND ACCOUNT. As soon as the system becomes operative and revenue producing, the gross income and revenue shall be set aside into a separate account to be designated the Sanitary Sewer System Fund Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

1) Operation and Maintenance Account. When the system becomes revenue producing, there shall be set aside and deposited each month pursuant to the budget a sufficient portion of the income and revenue in the Operation and Maintenance Account to pay the reasonable and necessary current expenses of administering, operating and maintaining said system for the ensuing month.

2) Sanitary Sewer System Revenue Bond and Interest Redemption Fund. After the transfer required in (1) above, there shall be transferred each month from the Sanitary Sewer System Fund Account, before any other expenditures or transfer therefrom, and deposited in the Sanitary Sewer System Revenue Bond and Interest Redemption



(Ordinance number Twenty-nine Cont'd)

Fund Account for payment of principal and interest on the bonds a sum equal to at least 1/6 (or such larger amounts as is necessary) of the amount equal to the interest due on the next ensuing interest due date upon and with respect to all bonds outstanding and the sum necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding. If for any reason there is a failure to make such monthly deposit then an amount equal to the deficiency shall be set aside and deposited in the Redemption Fund Account of the net revenues in the ensuing month or months, which amount shall be in addition to the regular monthly deposit required during such succeeding month or months.

Whenever there shall accumulate in the Redemption Fund Account amounts in excess of the requirements during the next eighteen months for paying the principal of bonds falling due and interest on outstanding bonds, and in excess of the requirements of the Operation and Maintenance Account and the Reserve Account hereinafter established, such excess may be used by the City for redemption of bonds in the manner set out in Section 3 above.

3) General Purpose Account. Out of the balance of income and revenue after the transfers required in (1) and (2) above have been made, there shall be set aside and deposited in the General Purpose Account the sum of \$200 each month until there is accumulated in such fund the sum of \$30,000 after which no further deposits need to be made into said account except to replace withdrawals. The General Purpose Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the system, and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized if the amount in the Redemption Fund Account is not sufficient to meet such payments, then these funds shall be transferred to the Redemption Fund. Whenever disbursements are made from said account, monthly payments shall be resumed until there is again accumulated the maximum amount of \$30,000 at which time payments may be again discontinued. The funds in the General Purpose Account may be invested in obligations of the United States. Any such investment will be a part of the General Purpose Account.

\* SECTION VII. The rates and charges for all services and facilities rendered by the system shall be reasonable and just, taking into consideration the costs and value of said system and the cost of maintaining, repairing, and operating the same and the amounts necessary for the retirement of all bonds and accruing interest on all bonds, and there shall be charged such rates and charges as shall be adequate to meet the requirements of this and the preceding section. Charges for all service furnished to any premises shall be a lien thereon as provided in Section 5.2751, Michigan Annotated Statutes. Any proposed rate schedule or change thereof must be submitted for audit by the Michigan Municipal Finance Commission.

(Ordinance Number Twenty-nine Cont'd)

SECTION VIII. The City of Carson City covenants and agrees that so long as any of the bonds hereby authorized remain unpaid as follows:

a) It will comply with applicable State laws and regulations and continually operate and maintain the system in good condition.

b) No customer of the system, individual, corporation or municipality shall receive free services or any services without being charged the following rates prescribed in the rules and regulations of said system.

c) (i) It will maintain complete books and records relating to the operation of the system and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish Farmers Home Administration, without request, a copy of each audit report and will furnish any other holder of any bonds a copy of such report upon written request. At all reasonable times the Farmers Home Administration shall have the right to inspect the system and the records, accounts, and data relating thereto.

(ii) It will file with the Municipal Finance Commission each year not later than ninety days after the close of the fiscal year, a report, on forms prepared by the commission, made in accordance with the accounting method of the municipality, completely setting forth the financial operation of such fiscal year for its own purposes. A copy of such report shall be concurrently furnished the Farmers Home Administration.

d) It will maintain such available insurance coverage as may be required by the Farmers Home Administration.

e) It will not borrow any money from any source or enter into any contract or agreement to incur any other liabilities that may in any way be a lien upon the revenues or otherwise encumber the system so as to impair revenues therefrom, without obtaining the prior written consent of the Government, nor shall it transfer or use any portion of the revenues derived in the operation of the system for any purpose not herein specifically authorized.

The City may issue additional parity bonds for the purpose of completing the construction or for the purpose of making a reasonable repair, replacement or extension of the system if the Government consents in writing at any time during the period that the Government is the holder of any of the bonds.

The funds herein established shall be applied to all parity bonds issued pursuant to this section as if said bonds were part of the original bond issue and all revenue from any such extension or replacement constructed by the

(Ordinance Number Twenty-nine Cont'd)

proceeds of a parity bond issue shall be paid to the Sanitary Sewer System Fund Account mentioned in this ordinance and this provision shall be controlling over any provisions of this ordinance to the contrary.

If the government is no longer the holder of any of the initially issued bonds or parity bonds then the written consent of the holders of 2/3 of the outstanding bonds will be required for the issuance of additional parity bonds.

f) It will not voluntarily dispose of or transfer its title to the system or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrance, without obtaining the prior written consent of the government.

g) Except as otherwise specifically provided so long as any of such bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said system shall be incurred or issued by the City unless the same shall be junior and subordinate in all respects to the bonds herein authorized.

h) Prior to the beginning of each fiscal year the City will prepare an annual budget of said system for the ensuing fiscal year itemized on the basis of monthly requirements, a copy of such budget shall be mailed without request to the Farmers Home Administration as long as the government is holder of any of said bonds prior to adoption for review and upon written request to any other bondholders.

i) The provisions of the ordinance shall constitute a contract between the City and the registered holders and after the issuance of such bonds this ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders nor shall the City adopt any law, ordinance or resolution in any way adversely affecting the rights of the holders so long as said bonds or interest thereon remains unpaid.

j) If at any time it shall appear to the Government that the City is able to refund, upon call for redemption or with consent of the Government the then outstanding bonds by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the City will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government, and will take all such action as may be required in connection with such loans.

k) Any extensions or improvements of the system shall

(Ordinance Number Twenty-nine Cont'd)

be engineeringly sound and plans and specifications shall be submitted to the Government for prior review, only so long as it is holder of any of the bonds.

SECTION IX. If there shall be default in the Redemption Fund, provisions of this ordinance or in the payment of principal or interest of any of the bonds, upon the filing of a suit by twenty percent of the holders of the bonds any court having jurisdiction of the action may appoint a receiver to administer said system on behalf of the City with power to charge and collect rates sufficient to provide for the payment of the bonds and for the payment of operation expenses and to apply income and revenues in accordance with this ordinance and the laws of Michigan.

The City hereby agrees to transfer to any bona fide receiver or other subsequent operator of the system, pursuant to any valid court order in a proceeding brought to enforce collection or payment of City obligations, all contracts and other rights of the City conditionally, for such time only as such receiver or operator shall operate by authority of the court.

The holders of twenty percent of the bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount.

SECTION X. The provisions of this ordinance are subject to the laws of the State of Michigan and to the present and future regulations of the Farmers Home Administration not inconsistent with the express provisions hereof and Michigan Law.

SECTION XI. The fiscal year for operating the system shall be from July 1 to June 30 each year.

SECTION XII. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed, and each section of this ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this ordinance.

This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the Council of Carson City, Michigan, on March 7, 1968 and approved by me on March 8, 1968.

SEAL

Attest:

  
Velma Tabor, Comptroller

  
Paul Geller, Mayor of Carson  
City, Montcalm County, Michigan

Yeas: McKinley, Shillinger,  
Barnes, Gallagher and Terry

Nays: none