

CHAPTER VIII. BORROWING POWERS

GENERAL POWERS AND RESTRICTIONS

Section 8.1 Subject to the applicable provisions of law and this charter, the Council may by ordinance authorize the borrowing of money for any purpose within the scope of powers vested in the City and permitted by law and may authorize the issuance of bonds or other evidences of indebtedness therefor. Such bonds or other evidences of indebtedness shall include but not be limited to the following types:

8.1:1 General obligation bonds which pledge the full credit and resources of the city for the payment of such obligations, including bonds for the city's portion of public improvements, except that the total amount of such general obligation bonds shall not exceed ten per cent (10%) of the assessed valuation of all real and personal property subject to taxation.

8.1:2 Notes issued in anticipation of the collection of taxes, but the proceeds of such notes may be spent only in accordance with appropriations as provided in Section 6.6.

8.1:3 In case of fire, flood or other calamity, emergency loans due in not more than five (5) years for the relief of the inhabitants of the city and for the preservation of municipal property, provided that the total amount of such bonds shall not exceed 3/8ths of 1% of the assessed valuation of all real and personal property subject to taxation.

8.1:4 Special assessment bonds issued in anticipation of the payment of special assessments made for the purpose of defraying the cost of any public improvement, or in anticipation of the payment of any combination of such special assessments. Such special assessment bonds may be an obligation of the special assessment district or districts alone or may be both an obligation of the special assessment district or districts and a general obligation of the city, provided, however, that the total amount of such assessment bonds at time of issue shall not exceed ninety per cent (90%) of the special assessments receivable as shown on the special assessment rolls of the city.

8.1:5 Mortgage bonds for the acquiring, owning, purchasing, constructing, improving, or operating of any public utility which the city is authorized by this charter to acquire or operate; provided such bonds shall not impose any liability upon such city but shall be secured only upon the property and revenues of such public utility, including a franchise, stating the terms upon which, in case of foreclosure, the purchaser may operate the same, which franchise shall in no case extend for a longer period than twenty (20) years from the date of the sale of such utility and franchise on foreclosure. Such bonds shall be authorized by a three-fifths (3/5ths) vote of the electors voting thereon at any general or special election. A sinking fund shall be created in the event of the issuance of such bonds, by setting aside such percentage of the gross or net earnings of the public utility as may be deemed sufficient for the payment of the mortgage bonds at maturity, unless serial bonds are issued of such a nature that no sinking fund is required.

8.1:6 Bonds for the refunding of the funded indebtedness of the city.

8.1:7 Revenue bonds as authorized by statute which are secured only by the revenue from a public improvement and do not constitute a general obligation to the city.

8.1:8 No bond of the city shall be issued bearing an interest rate greater than six per cent (6%) per annum.

Statutory reference:

Bonds, see M.C.L.A. §§ 141.151 through 141.153

BOND - REQUIREMENTS

Section 8.2 Each bond or other evidence of indebtedness shall contain on its face a statement specifying the purpose for which the same is issued and it shall be unlawful for any officer of the city to use the proceeds thereof for any other purpose, and any officer who shall violate this provision shall be deemed guilty of misconduct in office, except that whenever the proceeds of any bond issue or part thereof shall remain unexpended and unencumbered for the purpose for which said bond issue was made, the Council may authorize the use of said funds for the retirement of bonds of such issue. All bonds and other evidences of indebtedness issued by the city shall be signed by the Mayor and countersigned by the City Clerk, under the seal of the City and interest coupons may be executed with the facsimile signatures of the Mayor and the City Clerk. A complete and detailed record of all bonds and other evidences of indebtedness issued by the city shall be kept by the City Clerk. Upon the payment of any bond or other evidence of indebtedness, the same shall be "cancelled".

BONDS - TIME OF ISSUE

Section 8.3 No unissued bonds of the city shall be issued or sold to secure funds for any purpose other than that for which they were specifically authorized, and if any such bonds are not sold within three (3) years after authorization, such authorization shall, as to such bonds, be null and void, and such bonds shall be cancelled.