LOANS TO CITIES OR VILLAGES OWNING PUBLIC UTILITIES

Act 182 of 1971

AN ACT to permit a city or village owning and operating a public utility to borrow money for a term not to exceed 5 years for the purpose of purchasing, acquiring, constructing, improving, enlarging, extending or repairing the facilities of the public utility; to issue notes or other evidences of indebtedness therefor; to repay such borrowing from the revenues of the utility; to permit the pledging or assignment of bonds or other securities or evidences of debt held as investments for said public utility to secure such borrowings; and to provide other powers, rights and duties.

History: 1971, Act 182, Imd. Eff. Dec. 20, 1971 ;-- Am. 1972, Act 130, Imd. Eff. May 8, 1972

The People of the State of Michigan enact:

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460.461 Loans to cities or villages owning and operating public utilities; evidences of indebtedness; term of loan; security; indebtedness subject to revenue bond act.

Sec. 1.

(1) A city or village owning and operating a public utility, without vote of its electors and upon approval of its legislative body, may borrow money and issue and sell its notes or other evidences of indebtedness in the form and on the terms it deems advisable for the purpose of purchasing equipment or fuel, or both, or of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing the facilities of the public utility. Loans shall not be made or notes or other evidences of indebtedness issued for a term exceeding 5 years. Notes or other evidences of indebtedness relating to fuels or supplies shall not exceed a term of 18 months.

(2) Notes or other evidences of indebtedness issued under this act shall not be general obligations of the city or village but shall be secured by and payable from the unencumbered revenues of the utility and other pledges and assignments authorized in this act. The city or village may pledge or assign bonds or other securities or evidences of debt held by it as investments for the public utility as security for the loan and to guarantee its repayment.

(3) Notes or other evidences of indebtedness are subject to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

History: 1971, Act 182, Imd. Eff. Dec. 20, 1971 ;-- Am. 1972, Act 130, Imd. Eff. May 8, 1972 ;-- Am. 1975, Act 155, Imd. Eff. July 9, 1975 ;-- Am. 2002, Act 409, Imd. Eff. June 3, 2002

460.462 Home rule city act inapplicable.

Sec. 2.

Section 5(g) of the home rule city act, 1909 PA 279, MCL 117.5, relative to notice of intention to issue an obligation, does not apply to any borrowing under this act.

History: 1971, Act 182, Imd. Eff. Dec. 20, 1971 ;-- Am. 1972, Act 130, Imd. Eff. May 8, 1972 ;-- Am. 1983, Act 121, Imd. Eff. July 18, 1983 ;-- Am. 2002, Act 409, Imd. Eff. June 3, 2002

460.463 Forfeiture of security to pledgee or assignee.

Sec. 3.

A pledge or assignment may allow forfeiture of the security to the pledgee or assignee for default or noncompliance with the terms of the loan.

History: 1971, Act 182, Imd. Eff. Dec. 20, 1971

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