Chapter 17.08 Improvement Districts

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17.08.010 Issuance Authority. a. Special assessment district bonds to be designated by the name of the special assessment district for which they are issued, may be authorized and issued to provide funds to pay any part or all of the costs of improvements in any special assessment district; provided, that such bonds shall not be issued in a total principal amount in excess of such costs of improvement, nor shall they be issued prior to the expiration of the time period allowed for the payment of assessments without penalty or interest.
b. Such bonds shall be issued pursuant to ordinance and shall be made payable on a date not sooner than two years earlier than the date upon which the last installment of the assessments securing such bonds becomes due and not later than three years after the date upon which the last installment of the assessments securing such bonds becomes due. (Ord. 80-9, 1980: prior code §13A-200.201)

17.08.020 Forms, content and interest coupons. a. Such bonds shall bear interest payable annually or semiannually, shall be in such denominations as may be provided in the ordinance authorizing their issuance, and shall be number from one upward consecutively.
b. Each bond shall:
1. Be signed with the manual or facsimile signature of the Mayor of the City and attested by the manual signature of its City Clerk;
2. Shall have the seal of the City impressed or reproduced thereon;
3. Refer to the improvement, payment for which the bonds are being issued, and the ordinance ordering the improvement;
4. Provide that the principal amount thereof and the interest thereon shall be payable out of the special assessment district fund of the district or out of the special assessment district guarantee fund of the City and not otherwise;
5. Provide that the bondholders' remedy in case of any nonpayment shall be confined to the enforcement of the special assessments levied for the improvements in such special assessment district and to such guarantee fund; and
6. Have attached thereto interest coupons for each interest payment which coupons may have been printed or reproduced thereon the facsimile signatures of the Mayor and City Clerk; provided, however, that any such bond or bonds issued pursuant to a loan contract with the United States Government or agency thereof may be issued with privilege of registration as to principal or as to both principal and interest. (Ord. 80-9, 1980: prior code §13A-200.202)

17.08.030 Sale. Such special assessment district bonds may be issued to the contactor or contractors constructing and installing the improvements in such district, or may be sold by the City at public or private sale. The proceeds of the sale of such bonds shall be deposited in the applicable special assessment district fund and be applied in payment of the costs of improvement either in cash or by the redemption of warrants or other obligations of the City issued to pay such costs. (Ord. 87-14 §2, 1987).

17.08.040 Redemption. a. The City Treasurer may call in and redeem the principal of one or more bonds of any issue in their inverse numerical order whenever there is sufficient money in the special assessment district fund against which the bonds have been issued, over and above the amount needed for the payment of current annual

interest and the annual interest next to fall due on all unpaid bonds of that issue.
b. The call shall be made by publication of a notice thereof in a newspaper of general circulation throughout the City as soon as practicable after the day of delinquency of any assessment installments, and in any other manner as may be deemed necessary to advise the holder of the bonds being called of such call.
c. The notice of call shall state the serial number or numbers of the bonds being called, that they will be paid on the date the next interest coupons on the same become due, and that interest thereon will cease on such call date. (Ord. 80-9, 1980: prior code §13A-200.204).

17.08.050 Nonliability of City. a. Neither the holder nor the owner of any special assessment district bond, interest coupons or warrant issued against a special assessment district fund shall have any claim therefore against the City except for payment from the special assessments made for the improvements for which such special assessment district bond was issued and except for payment from the special assessment district guarantee fund of the City. The remedy of the holder or owner of such special assessment district bond shall be confined to the enforcement of such assessments and to the guarantee fund. The City shall not be liable to the holder or owner of any such bond, interest coupon or warrant for any loss to the guarantee fund occurring in the lawful operation thereof. (Ord. 80-9, 1980: prior code §13A-200.205).

17.08.060 Remedy of bondholders. If the City fails to pay any bonds, interest coupons or warrants issued against a special assessment district fund or to collect promptly any assessments when due, the owner or holder of any bond may enforce payment of the principal thereof or interest thereon and costs of collection in a civil action in the same manner and with the same effect as actions for the foreclosure of mortgages on real property. Foreclosure shall be against all property on which assessments are in default. The period for redemption shall be the same as in the case of a mortgage foreclosure on real property. Any number of owners or holders of bonds of any single special assessment district may join as plaintiffs, and any number of owners or property upon which the delinquent assessments are liens may be joined as defendants in the same suit. Such owner and holders shall also have recourse against the special assessment district guarantee fund. (Ord. 80-9, 1980: prior code §13A-200.206).

17.08.070 Investment for surplus City funds. Special assessment district bonds which are within the protection of the special assessment district guarantee fund of the City shall be considered legal investments for any available surplus funds of the City which now or hereafter may be authorized by the Council to be invested in such bonds. (Ord. 80-9, 1980: prior code §13A-200-207).

17.08.080 Payment by City for City-owned lots. Where City-owned lots are included in a special assessment district, the City shall levy and collect taxes sufficient to pay the assessments against the City-owned lots when due and the full faith and credit of the City shall be pledged in each ordinance issuing special assessment bonds to the effect that such assessments against City-owned lots will be paid when due into the applicable special assessment district fund. (Ord. 80-9, 1980: prior code §13A-200.208).

17.08.090 Guarantee fund established. a. There is established a special assessment district guarantee fund of the City(at times called the “guarantee fund” in this chapter) for the purpose of guaranteeing the payment of the principal of all special assessments bonds, interest coupons pertaining thereto, and warrants issued upon any special assessment district funds. The money in the guarantee fund shall be kept separate from all other money and funds of the City, shall be held in trust for the use and purposes provided in this chapter.
b. Within five years from the date of delivery of any special assessment fund warrants or bonds, the City shall deposit in the guarantee fund a sum, which when added to existing moneys in the guarantee fund, shall be not less than five percent of the then outstanding special assessment bonds and/or warrants including the warrants or bonds of that issue. Such deposit may be from the proceeds of an interfund loan or other funds legally available therfor. After the expiration of five years from the date of delivery, the City shall maintain an amount of not less than five percent of such bonds and warrants then outstanding. Any moneys paid out of the guarantee fund to redeem special assessment district bonds, coupons pertaining thereto, or warrants, shall be replaced by the City as soon as possible out of any legally available sources.(Ord. 80-9, 1980: prior code §13A-200.209).

17.08.100 Use of fund. a. Defaulted special assessment bonds, interest coupons pertaining thereto, and special assessment fund warrants shall be purchased out of the guarantee fund, and as between the several issues of bonds, coupons or warrants no preference shall exist, but they shall be purchased in the order of their presentation.
b. Whenever any sum is paid out of the guarantee fund on account of principal or interest on a special assessment district bond or warrant, the City as trustee of such fund shall be subrogated to all the rights of the holder of such bond, interest coupon or warrant so paid, and the proceeds thereof or of the underlying assessment shall become a part of the guarantee fund.

c. All interest and earnings derived from the investment of moneys in the guarantee fund shall be credited to such fund.
d. If special assessment district bonds have been issued, all moneys remaining in any special assessment district fund or of any special assessment district fund after all costs of improvements in such district including the redemption of all warrants and bonds of such district have been paid, shall also be paid into the guarantee fund.
e. Should the Council, after determining that the amount in the guarantee fund meets all required guarantee requirements plus foreseeable future requirements, find there are excess moneys in the guarantee fund, it may authorize transfer of the excess to the general fund or any current expense fund of the City. (Ord. 80-9, 1980: prior code §13A-200.210).

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