

ORDINANCE NO. 940

ORDINANCE RELATING TO THE SPECIAL IMPROVEMENT DISTRICT  
REVOLVING FUND OF THE CITY; AMENDING AND SUPERSEDING  
CHAPTERS 2-2-3, 2-2-4, AND 2-2-6 OF THE RED LODGE CITY CODE  
(CREATING, ESTABLISHING AND MAINTAINING THE REVOLVING  
FUND)

RECITALS

WHEREAS, pursuant to Montana Code Annotated, Title 7, Chapter 12, Parts 41 and 42 (the "Act") and a prior ordinance, currently codified at Chapter 2 of the City Code of the City of Red Lodge, Montana (the "Revolving Fund Ordinance"), the City of Red Lodge, Montana (the "City") created the City's Special Improvement District Revolving Fund (the "Revolving Fund") and provided for transfers thereto from the general fund, annual tax levies therefore and loans therefrom to special improvement district funds of the City; and

WHEREAS, the Act has been amended since the Revolving Fund Ordinance was enacted, including pursuant to HB 630 enacted by the 2009 Montana State Legislature; and

WHEREAS, the City Council of the City deems it to be in the best interest of the City to amend the Revolving Fund Ordinance as provided herein to make amendments consistent with the Act, as amended.

NOW THEREFORE, BE IT ORDAINED by the City Council of the City:

Section 1. Amendment to Chapter 2-2-3 of the Red Lodge City Code. Chapter 2-2-3 of the Revolving Fund Ordinance is hereby amended to read as follows in its entirety:

**"2-2-3 Providing Funds for the Revolving Fund.**

For the purpose of providing funds for the revolving fund, the City Council:

- (a) may, from time to time, transfer to the revolving fund from the general fund of the City an amount as may be necessary. The amount transferred is a loan from the general fund to the revolving fund.
- (b) shall, if the bonds or warrants are secured by the revolving fund, include in the cost of the improvement to be paid from the proceeds of the bonds or warrants an amount of at least 5% and not more than 10% of the principal amount of the bonds or warrants; and
- (c) shall, in addition to a transfer or transfers from the general fund or in lieu of a transfer, levy for the revolving fund a tax, declared to be for a public purpose, on all taxable property in the City as is necessary to meet the financial requirements of the revolving fund. A tax may not be levied if the balance in the revolving fund will exceed 10% or, with the amount levied by the tax, will exceed 10% of the principal amount of the then-outstanding special improvement district bonds and warrants secured by the revolving fund after all required transfers have been made to the district funds through fiscal year end."

Section 2. Amendment of Chapter 2-2-4 of the Red Lodge City Code. Section 2. Chapter 2-2-4 of the Revolving Fund Ordinance is hereby amended to read as follows in its entirety:

**“2-2-4 Loans from Revolving Fund.**

Until the earlier of (a) the date on which all bonds or warrants of the issue and interest on the bonds or warrants have been fully paid or discharged in a bankruptcy case in which the special improvement district is the debtor; or (b) the date that is the later of: (i) the final stated maturity date of the bonds or warrants; or (ii) the date on which all special assessments levied in the district have been either paid or discharged, when any special improvement district bond or sidewalk, curb, and alley approach warrants that are secured by the revolving fund or any interest on the bond or warrants becomes due and payable and there is either no money or insufficient money in the appropriate district fund after a transfer from the appropriate district reserve account, if established, with which to pay the bond, warrant, or interest, an amount sufficient to make up the deficiency must be loaned by the revolving fund to the district fund. The bond, warrant, or interest must be paid from the money loaned or from the money loaned and money available in the district fund. The loan must be made even if, in the case of bonds or warrants bearing interest at a variable rate, the interest rate on the special assessments at the time the loan is made is less than or later becomes less than the interest rate on the bonds or warrants.”

Section 3. Amendment of Chapter 2-2-4 of the Red Lodge City Code. Chapter 2-2-6 of the Revolving Fund Ordinance is hereby amended to read as follows in its entirety:

**“2-2-6 Use of Excess Monies in Revolving Fund.**

Whenever there is an amount in the revolving fund in excess of 10% of the outstanding special improvement district bonds and warrants secured by the revolving fund and the City Council considers any part of the excess to be greater than the amount necessary for payment or redemption of maturing bonds or warrants secured by the revolving fund or interest on the revolving fund, the City Council may order that any part of the amount of the excess that is greater than the amount necessary for the payment or redemption of maturing bonds or warrants secured by the revolving fund or interest on the revolving fund to be:


- (1) transferred to the general fund of the City;
- (2) used for the purchase of property at sales for delinquent taxes, assessments, or both; or
- (3) used for the purchase of property that may have been struck off or sold to the county for delinquent taxes, assessments, or both and against which there is an unpaid assessment for special improvements and there are outstanding special improvement district bonds or warrants of the City.


The City Council may sell any tax certificates issued on any such sale or sales. After acquiring title to such property, the City may lease such property, sell the same at public or private sale and make conveyance thereof, or otherwise dispose thereof as the interest of the City may require.

All proceeds from such sales of tax certificates and from such leasing, sale, or other disposition of the property shall belong to and be paid into the revolving fund and be subject to transfer in whole or in part to the general fund by the vote of all the members of the council at a meeting called for that purpose as hereinbefore provided.”


Section 4. Effective Date. This ordinance shall take effect and Chapters 2-2-3, 2-2-4, and 2-2-6 of the Red Lodge City Code shall be amended hereby 30 days from and after its passage by the City Council on second reading and approval by the Mayor.

PASSED, ADOPTED and APPROVED on first reading this 14th day of August, 2018.

  
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Mayor

Attest:   
\_\_\_\_\_  
City Clerk-Treasurer

PASSED, ADOPTED and APPROVED on second reading this 11th day of September, 2018.

  
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Mayor

Attest:   
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City Clerk-Treasurer