# WATERWORKS
# Act 113 of 1869

AN ACT to authorize the formation of companies for the introduction of water into towns, cities and villages, in the state of Michigan.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869.

*The People of the State of Michigan enact:*

## 486.301 Waterworks in municipalities; incorporators; powers.

Sec. 1. That whenever the common council of any city or incorporated village, or the municipal authority of any town in this state shall, by resolution, declare that it is expedient to have constructed works for the purpose of supplying such city, village or town, and the inhabitants thereof with water, but that it is inexpedient for such city, town or village, under the power granted in its charter, to build such works, it shall be lawful for any number of persons, not less than 5, to organize a company for the construction of such water-works, or for any company previously organized to construct such water-works under the provisions of this act, and such corporation shall have all the powers and privileges prescribed in the act in regard to corporations, being Chapter 55, of Revised Statutes of 1846, and Chapter 73, of the Compiled Laws. They shall be capable of suing and being sued in any court of this state; may have a common seal, and alter and amend the same, at pleasure; may elect, in such a manner as they may determine, all necessary officers; may fix their compensation and determine their duties, and make, from time to time, such by-laws, not inconsistent with the constitution and laws of this state, as a majority of the stockholders shall choose.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3355;—How. 3110;—CL 1897, 8500;—CL 1915, 11282;—CL 1929, 11875;—CL 1948, 486.301.

**Compiler's note:** For provisions of chapter 55 of the Revised Statutes of 1846, referred to in this section, see MCL 450.504 et seq.

## 486.302 Certificate; contents, filing and recording; body corporate, name.

Sec. 2. Any number of persons not less than 5, who shall associate according to the provisions of this act, under any name assumed by them, to form a company for the purpose of supplying any city, town or village, or the inhabitants thereof, with water for any and all, purposes, shall under their hands and seals, make and acknowledge before some person authorized by the laws of this state to take acknowledgments of deeds, a certificate which shall specify:

First. The name by which such company shall be known;

Second. The object for which such company shall be formed;

Third. The amount of capital stock of such company, and the number of shares into which the same is divided;

Fourth. The amount of capital stock actually paid in;

Fifth. The names of the stockholders, their respective residences, and the number of shares held by each;

Sixth. The name of the city, town or village, and county in which the operations of the company are to be carried on, and the place in this state where the office for the transaction of business is located;

Seventh. The term of years the corporation is to exist, not exceeding 30;

And shall cause the same to be filed with the secretary of state of this state, and recorded in the county clerk's office of the county or counties in which such company shall conduct its business. They shall become incorporated under the name and style provided in such certificate, and are hereby authorized to carry on the operations named in such certificate of incorporation, and shall with their successors and assigns be deemed a body politic and corporate in fact and in name, under any name assumed by them in their articles of association.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3356;—How. 3111;—CL 1897, 8501;—CL 1915, 11283;—CL 1929, 11876;—CL 1948, 486.302.

## 486.303 Corporate power to hold property.

Sec. 3. Every such corporation shall, by their name, have power to acquire and hold all such real and personal estate as shall be necessary for carrying on the business of said corporation.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3357;—How. 3112;—CL 1897, 8502;—CL 1915, 11284;—CL 1929, 11877;—CL 1948, 486.303.

## 486.304 Capital stock; fixed amount, increase.

Sec. 4. The amount of capital stock in every such corporation shall be fixed by the stockholders in their

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articles of association, but shall in no case be less than 10,000 dollars; said stock may be increased from time to time as may be directed by the stockholders; and when the same is so increased, the same record shall be made of the fact, with the name of the stockholders, as required by section 2 of this act; and all the stock of said company shall be divided into shares of 50 dollars each.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3358;—How. 3113;—CL 1897, 8503;—CL 1915, 11285;—CL 1929, 11878;—CL 1948, 486.304.

### 486.305 Officers; election, term, powers; quorum of stockholders; right to vote.

Sec. 5. The officers shall be elected by the stockholders when 50 per cent of the stock shall be subscribed, and 10 per cent of the amount subscribed paid in, and after a notice of at least 2 weeks has been given in some newspaper printed in the place where the said business is to be located, said notice to be signed by at least 3 stockholders; and the officers elected shall hold their office 1 year, and until their successors are elected; said officers shall have the general superintendence of the affairs of the company, and the management of the business and may call special meetings of the stockholders; and a majority of the stockholders shall constitute a quorum at all meetings and at all meetings each share shall be entitled to 1 vote either in person or by proxy.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3359;—How. 3114;—CL 1897, 8504;—CL 1915, 11286;—CL 1929, 11879;—CL 1948, 486.305.

### 486.306 Corporate powers.

Sec. 6. Any corporation formed under this act shall have power to introduce water into any town, city or village in the state named in their articles of incorporation, and where the said corporation is located, for public or private buildings or for other purposes; and for that purpose they are authorized and empowered to acquire and hold real estate in such town, city or village, or contiguous thereto, if necessary, and to erect and maintain all necessary and convenient buildings, fixtures, machinery, and other appurtenances, incident or necessary, and to lay water pipes in and through the streets, avenues, lanes, alleys or squares of said city, town or village, with the consent of the municipal authorities of the city, town or village, under such reasonable regulations as they may prescribe; and to make all ordinances and by-laws necessary and proper to carry into effect the foregoing powers; said corporation by their directors, agents, servants, or other persons employed, may enter upon the lands of any person or persons which may be necessary for said purposes, and may take the water from any springs, ponds, rivers, fountains or streams and divert and conduct the same to said city, and may lay and construct any pipes, conduits, aqueducts, wells, reservoirs or other works or machinery necessary or proper, and authorized for said purposes, upon any lands or property entered upon, purchased, taken or held. Said corporation may, as aforesaid, enter upon any lands, streets, highways, lanes, alleys, public squares through which they deem it proper to carry water from said springs, ponds, rivers, fountains, streams, and reservoirs, and lay and construct any pipes, conduits, aqueducts and other works for said purposes, leaving said lands, streets, highways, lanes or public squares in the same condition, as nearly as may be, as they were before said entry; but the said company shall not, within the bounds of such city, town or village, lay and construct said pipes, conduits, aqueducts and other works through any private garden, courtyard or building-lot, without the written consent of the owner thereof.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3360;—How. 3115;—CL 1897, 8505;—CL 1915, 11287;—CL 1929, 11880;—CL 1948, 486.306.

### 486.307 Acquisition and use of lands for purposes of act; survey and map, signing, filing; right of entry.

Sec. 7. Before entering, taking or using any lands for the purposes of this act, the directors of the company shall cause a survey and map to be made of the lands intended to be taken, or entered upon for any of said purposes, and by which the lands of said owners or occupants intended to be taken or used shall be designated, and which map shall be signed, by the surveyor or engineer making the same, and by the president of said company, and be filed in the office of the clerk of the county. The company, by any 2 of its officers, agents or servants, may enter upon any lands for the purpose of making any examination and for the purpose of making said survey and map.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3361;—How. 3116;—CL 1897, 8506;—CL 1915, 11288;—CL 1929, 11881;—CL 1948, 486.307.

### 486.308 Condemnation proceedings.

Sec. 8. In case said company cannot agree with the owners or occupants of any lands or water, intended to be taken or used as aforesaid, for the purchase thereof, said company may, for the purpose of acquiring the necessary title and right to said lands or water, present a petition to the circuit court of the county where the

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company is located, at any term thereof, or during the vacation of the term, to any judge of a court or record, praying for the appointment of 3 commissioners; and such proceedings shall be had upon said petition as are prescribed in the act to provide for the incorporation of railroad companies, being chapter 67 of the Compiled Laws, for the purpose of acquiring such title or right, except that the said circuit court or judge shall appoint disinterested and competent freeholders residing in the township or municipality where the said premises are situated.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3362;—How. 3117;—CL 1897, 8507;—CL 1915, 11289;—CL 1929, 11882;—CL 1948, 486.308.

**Compiler's note:** Chapter 67, referred to in this section, was repealed by Act 198 of 1873. See now MCL 463.1 et seq.

### 486.309 Stock deemed personal property; certificates of stock, transfer; report to assessing officer.

Sec. 9. The stock of every such corporation shall be deemed personal property, and certificates of stock shall be issued to each stockholder on the full amount of his subscription being paid in; the said certificates of stock may be transferable, but the transfer shall not be valid unless a record shall be made of the same in the books of the company, in such form as the directors shall prescribe; and it shall be the duty of the directors to make out a written statement of all the stockholders, and the amount of stock held by each, when legally called upon by the proper assessing officer.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3363;—How. 3118;—CL 1897, 8508;—CL 1915, 11290;—CL 1929, 11883;—CL 1948, 486.309.

### 486.310 Capital stock; subscriptions, calling in; sale, procedure, proceeds; rights of purchaser.

Sec. 10. The directors may call in subscriptions to the capital stock of such corporation, by installment, in such portions as they deem best, by giving notice thereof as provided by the by-laws; and in case any stockholder refuses or neglects to pay any such installment for the space of 60 days after the same shall have become due and payable, and after he shall have been notified thereof, the stock of any such delinquent stockholder may be sold, by order of the directors, at public auction at the office of said company, after 30 days' notice, published in some newspaper in the county where the corporation is located; and the proceeds of said sale shall be first applied in the payment of the installment called for, and the expense on the same, and the residue shall be refunded to the former owner thereof, and such sale shall entitle the purchaser to all the privileges of a stockholder to the extent of the share so bought.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3364;—How. 3119;—CL 1897, 8509;—CL 1915, 11291;—CL 1929, 11884;—CL 1948, 486.310.

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### 486.311 Stockholder's liability; recovery prerequisites; contribution to creditor.

Sec. 11. The stockholders of all corporations organized under this act shall be individually liable for any labor or services done or performed for said company, and they shall also be liable, as aforesaid, for the payment of all other debts or obligations contracted or incurred by said corporation during the time that they were stockholders, to the amount of all unpaid installments of stock held by them respectively, which liability may be enforced against any stockholder founded on this statute at any time after an execution shall be returned not satisfied against said company: Provided, always, That if any stockholder shall be compelled by any such action to pay the debts of any creditor or any part thereof, he shall have the right to call upon all the stockholders to contribute their part of the sum so paid by him as aforesaid, and may sue them jointly or severally, or any number of them, and recover in such action the ratable amount due from the person or persons so sued.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3365;—How. 3120;—Am. 1883, Act 8, Eff. Mar. 13, 1883;—Am. 1887, Act 54, Eff. Sept. 28, 1887;—CL 1897, 8510;—CL 1915, 11292;—CL 1929, 11885;—CL 1948, 486.311.

### 486.312 Contract between municipality and company; obligations.

Sec. 12. It shall and may be lawful for the municipal authorities of any city, village or town in which any company is or shall be formed for the purpose of supplying such city, village or town and the inhabitants thereof with water, to contract and agree with such company for the supply of water for public, municipal or other purposes, and for the time and mode of payment, and may issue their obligations therefor.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3366;—Am. 1873, Act 2, Imd. Eff. Jan. 22, 1873;—How. 3121;—CL 1897, 8511;—CL 1915, 11293;—CL 1929, 11886;—CL 1948, 486.312.

### 486.313 Stockholders; annual and special meetings.


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Sec. 13. There shall be an annual meeting of the stockholders at such time and place as the by-laws of the corporation shall designate, for the election of directors and the transaction of business of the corporation; special meetings of the stockholders may be called by the directors.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3367;—How. 3122;—CL 1897, 8512;—CL 1915, 11294;—CL 1929, 11887;—CL 1948, 486.313.

### 486.314 Officers of company; designation, election, bonding.

Sec. 14. The officers of such company shall be a president, who also shall be a director, a secretary, a treasurer, and such other officers, agents and servants, as the board of directors shall deem necessary for the transaction of the business of the company; such officers shall be elected annually, by the directors, and may be required to give bonds, with penalty and sureties, to the approval of the board of directors.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3368;—How. 3123;—CL 1897, 8513;—CL 1915, 11295;—CL 1929, 11888;—CL 1948, 486.314.

### 486.315 Ordinances of common council; granting use of public property; rates of compensation.

Sec. 15. Whenever any such company shall have been duly organized, it shall be the duty of the common council of any such city or village or the proper authorities of any such town, by ordinance, to grant to such company such right to the use of the streets, alleys, wharves (if any) and public grounds of said city, village or town as shall be necessary to enable such company to construct the proper works for the supply of water for the use of such city, village or town and its inhabitants; and the said common council may, in such ordinance, prescribe such just and reasonable terms, restrictions and limitations upon such company, in reference to the manner of using streets, alleys, wharves and public grounds; to the charging and collecting of tolls, water rents or other compensation for the supply of water, to be furnished by such company, to such city, town or village and its inhabitants, as it may deem proper; to guard against the improper use of such streets, alleys, wharves and public grounds, and to protect said city, town or village, and its inhabitants from the imposition of undue or excessive rates or charges for the supply of water; but no such restriction shall be imposed which will prevent such company realizing upon its capital stock and annual income or dividend of 10 per cent, after paying the cost of all necessary repairs and expenses, interest on all moneys borrowed and 5 per cent. per annum into sinking funds, for the extinguishment of funded debts.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3369;—How. 3124;—CL 1897, 8514;—CL 1915, 11296;—CL 1929, 11889;—CL 1948, 486.315.

### 486.316 Purchase of corporate rights and property by municipality; arbitration.

Sec. 16. From and after the expiration of 25 years from the time of the organization of such company, the common council of the city, town or village, for which the said company may have erected its works, shall have the right and privilege of purchasing, from such company, all its buildings, reservoirs, fixtures, apparatus and property of such company, with all its corporate rights and privileges, at such price as may be agreed upon; and in case of disagreement between the parties, the price to be ascertained and determined by 5 disinterested persons, not residents of said city or village, 2 of whom shall be chosen by said common council, 2 by the board of directors of such company, and the fifth by the 4 so chosen, who, when thus chosen and assembled, shall have power to determine, finally and conclusively, the amount which such town, city or village shall pay for the rights, property and franchises of such company, as aforesaid.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3370;—How. 3125;—CL 1897, 8515;—CL 1915, 11297;—CL 1929, 11890;—CL 1948, 486.316.

### 486.317 Municipality as stockholder; issuance of bonds, interest rate limit, tax levy; certain corporations as stockholders.

Sec. 17. Any such city, town or village may become a stockholder in any such company whenever the common council shall so direct, by resolution duly entered upon its minutes, after the question of so doing shall have been first submitted to the electors of said city, town or village, in such manner as the common council may have prescribed, and the said electors shall have voted in favor thereof. Such resolution shall specify the number of shares to be taken, and shall require the mayor, president or other municipal officer to carry out the directions by subscribing for the number of shares indicated upon the books of the company. Any railroad, gas, manufacturing or other corporation organized under any law of this state, and any insurance company organized under the laws of any state or country doing business in this state, may subscribe for and own stock in such company, and be entitled to all the rights and privileges, and shall be subject to all the liabilities of stockholders. It shall be lawful for any such city, town or village to issue bonds, payable at such

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time as the common council shall direct, and bearing interest at a rate not exceeding 8 per cent. per annum, and to negotiate the same upon the best terms they can obtain. Such cities, towns and villages shall have power in addition to that given by their charters, to levy taxes not exceeding 2 per cent. on the assessed valuation per annum, sufficient to meet the principal and interest falling due on such bonds.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3371;—How. 3126;—CL 1897, 8516;—CL 1915, 11298;—CL 1929, 11891;—CL 1948, 486.317.

### 486.318 Company fully organized; qualification, powers, financial arrangements.

Sec. 18. Any such company shall be deemed to be fully organized whenever half the capital stock named in its articles of association shall have been in good faith subscribed and 10 per cent. thereof paid in and may thereupon enter on the work of construction; and in order to raise moneys for that purpose, it shall have power to borrow money, to issue bonds or other evidences of indebtedness, to execute mortgages or trust deeds, as may be deemed necessary for that purpose, and it may also issue a preferred stock, if a majority of the stockholders of the company shall vote that it is advisable so to do; but in the case that such city, town or village is a stockholder, no such mortgage, trust deed, or issue of preferred stock shall be valid without the assent thereto of the common council of said city or village or the municipal authorities of such town and in such case it shall be deemed a misdemeanor for the directors of said company to contract debts to any amount in excess of the means provided for, by subscriptions to stock, and the estimated net receipts of the company from its rates for 1 year, in advance, except they shall have first obtained the assent thereto of the said common council.

**History:** 1869, Act 113, Imd. Eff. Apr. 3, 1869;—CL 1871, 3372;—How. 3127;—CL 1897, 8517;—CL 1915, 11299;—CL 1929, 11892;—CL 1948, 486.318.

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