

RELEVANT GOVT CODE AND ED CODE SECTIONS FOR SCHOOL DIST GO BONDS

Issues of particular interest to Treasurer-Tax Collectors are highlighted in **blue**

Added comments are highlighted in **Yellow**

GOVERNMENT CODE

SECTION 53410-53412 – GO Bond Ballot Measure Provisions

53410. On or after January 1, 2001, any local bond measure that is subject to voter approval that would provide for the sale of bonds by a local agency shall provide accountability measures that include, but are not limited to, all of the following:

- (a) A statement indicating the specific purposes of the bond.
- (b) A requirement that the proceeds be applied only to the specific purposes identified pursuant to subdivision (a).
- (c) The creation of an account into which the proceeds shall be deposited.
- (d) An annual report pursuant to Section 53411.

53411. The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.

53412. As used in this article:

- (a) "Local agency" means any county, city, city and county, including a charter city or county, or any special district.
- (b) "Special district" means an agency of the state, formed pursuant to general law or a special act, for the performance of governmental or proprietary functions, with limited geographic boundaries, including, but not limited to, a school district and a community college district.
- (c) "Bond" means any bonded indebtedness regardless of state law or charter that requires voter approval, including, but not limited to, general obligation bonds, revenue bonds, and bonds issued pursuant to the Mello-Roos Community Facilities Act (Chapter 2.5 (commencing with Section 53311)).

GOVERNMENT CODE
SECTION 53500-53505 - GO Bond Issuance General Provisions

53500. As used in this article:

(a) "Local agency" means county, city, city and county, public district, or other public or municipal corporation.

(b) "General obligation bonds" means bonds, warrants, notes or other evidence of indebtedness of a local agency payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied without limitation as to rate or amount upon property in the local agency subject to taxation or assessment.

(c) "Legislative body" means the legislative body of the local agency as defined in Section 53000.

(d) "Revenue-producing facility" means an improvement, works, system or facility furnishing or providing services or products for which the local agency is authorized to impose a charge.

(e) "Pledge" means pledge, assign, place a charge upon and place a lien upon.

53501. This article applies to all local agencies which have the power to issue general obligation bonds to acquire, construct or finance a revenue-producing facility.

53502. In any ordinance, resolution, order or indenture providing for the issuance of general obligation bonds of a local agency to provide funds for the acquisition, construction or financing of a revenue producing facility or any addition to, or extension or improvement of a revenue-producing facility, the legislative body of the local agency may pledge all or any part of the revenues of such facility to the payment or security of such general obligation bonds and the interest thereon in such manner and upon such terms as the legislative body may deem advisable.

53503. In connection with such pledge the legislative body may provide in such ordinance, resolution, order or indenture such covenants, promises, restrictions and provisions as it may deem necessary or desirable including, but not limited to, covenants, promises, restrictions and provisions relating to the use of bond proceeds, the maintenance, operation and preservation of such facility, the rates and charges to be established and collected for the services or products furnished or provided by such facility, the incurring of additional indebtedness payable from such revenues, and the establishment, maintenance and use of reserve funds, sinking funds, interest and redemption funds, maintenance and operation funds and other special funds for the payment or security of the bonds and the interest thereon. In connection with such pledge and in connection with such covenants, promises, restrictions and provisions the legislative body shall have, but shall not be limited to, the powers specified in the Revenue Bond Law of 1941 (Chapter 6 of this part).

53504. The pledge and the payment and security provisions authorized by this article shall be in addition to, and not in derogation of, any provisions permitted or required by law, charter or the Constitution of the State of California relating to payment of general obligation bonds from the proceeds of ad valorem taxes or ad valorem assessments and relating to the levy and collection of such taxes or assessments.

53505. If the legislative body intends to exercise the powers granted by this article it shall make a statement of such intention in any ordinance, resolution or order calling or providing for an election to authorize the general obligation bonds for a revenue producing facility. Such statement may be general only or it may give such detail as the legislative body may deem proper. If any such statement is made, the ordinance, resolution, order or indenture providing for the issuance of such bonds shall be substantially in accord with such statement.

GOVERNMENT CODE

SECTION 53506-53509.5 - GO Bond General Requirements

53506. (a) This article is full authority for the issuance of bonds or refunding bonds by any city, county, city and county, school district, community college district, or special district, secured by the levy of ad valorem taxes, authorized in accordance with the Constitution and, in the case of a chartered city, county, or city and county, with the charter thereof, or in the case of a special district, with the district's principal act.

(b) This article is intended to provide a complete additional and alternative method for doing the things authorized by this article. The powers conferred by this article are supplemental and additional to the powers conferred by any other laws, and the limitations imposed by this article do not affect the powers conferred by any other law.

53506.5. This article shall be liberally construed to promote its objectives. If inconsistent with any other law, this article shall be controlling.

53507. As used in this article, the following terms shall have the meanings assigned to them in this section.

(a) "Bonds" means bonds, notes, warrants, or other evidence of indebtedness payable, both principal and interest, from the proceeds of ad valorem taxes that may be levied without limitation as to rate or amount upon property subject to taxation by the legislative body.

(b) "Issuer" means a city, county, city and county, school district, community college district, or special district, secured by the levy of ad valorem taxes, authorized to issue bonds pursuant to this article.

(c) "Legislative body" means the governing body of the issuer.

53507.5. (a) The legislative body may, by resolution, provide for the issuance of bonds pursuant to this article.

(b) The resolution shall state that the bonds are being issued pursuant to this article.

53508. The resolution authorizing any bonds or any issue of bonds may provide for any of the following:

(a) The form of the bonds to be issued as serial bonds, or sinking fund bonds, with serial or term maturities, or any combination thereof.

(b) The number of series in which the bonds are to be issued.

(c) The form of the bonds as coupon, registered, or book entry.

(d) The interest on the bonds, either fixed or variable, and the interest rate or rates, payable at the times and in the manner specified therein, and whether all or part of any series of the bonds shall be issued as zero coupon or capital appreciation bonds; provided, however, that under no conditions may the annual interest

rate, whether fixed or variable, exceed the maximum rate permitted by Section 53531 or 53532.

(e) The time, medium, and place or places of payment.

(f) The time or times of maturity of the bonds, not exceeding 40 years from their respective dates.

(g) The date or dates to be borne by the bonds of each series.

(h) The denomination of the bonds.

(i) The registration and conversion privileges of the bonds.

(j) The manner in which the bonds are to be executed.

(k) The terms of redemption, with or without premium.

(l) Other terms and conditions of the bonds and of their execution, issuance, and sale deemed necessary and appropriate by the legislative body.

53508.3. (a) No bond shall be subject to mandatory tender for purchase or redemption prior to its fixed maturity date unless it contains a recital to that effect.

(b) Any bond protected by its terms or by the terms of this section from mandatory tender for purchase or redemption prior to its fixed maturity date or for a specified period of time after issuance, may specify terms upon which the issuer may sell or transfer its right to require the bond to be tendered for purchase or redemption prior to its fixed maturity date.

53508.7. (a) The bonds shall be sold at a public or private sale and at a price at, above, or below par, as the legislative body determines.

(b) Any bonds sold at a discount below the par value of the bonds shall be sold in compliance with the provisions of Section 53532.

(c) The **private sale** of bonds is limited to the sale of school districts' and community college districts' bonds pursuant to Sections 15140 or 15146 of the Education Code. This cross reference to the Ed Code is where a significant inconsistency occurs. These Ed Code sections are highlighted near the end of this documents

53508.9. (a) Notwithstanding Section 53508.7, a local agency may sell bonds at a negotiated sale for a price at, above, or below par value, as authorized by the legislative body, without further approval, if the legislative body adopts a resolution before the negotiated sale, as an agenda item at a public meeting, that includes all of the following:

(1) Express approval of the negotiated method of sale.

(2) Statement of the reasons for selecting the negotiated method of sale.

(3) Disclosure of the identity of the bond counsel.

(4) Disclosure of the identity of the bond underwriter and the financial adviser, if used for the negotiated bond sale. If a bond underwriter or financial adviser has not been selected at the time the legislative body adopts the resolution, the legislative body shall disclose the identity at the public meeting first occurring after the bond underwriter or financial adviser has been selected.

(5) Estimate of the costs associated with the bond issuance.

(b) For purposes of this section, the following definitions shall apply:

(1) "Legislative body" means the governing body of a local agency.

(2) "Local agency" means a city, county, city and county, and special district. "Special district" means an agency of the state formed for the performance of governmental or proprietary functions within limited geographic boundaries, and shall not include a school district or community college district. School Districts are specifically excluded

53509. (a) Any bond issued under the authority of this article may be refunded pursuant to this or any other applicable law. Any bond may be refunded pursuant to this article regardless of whether the bond or the legislation under which its issuance was authorized explicitly provides that the bond may be refunded.

(b) Refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded. Subject to that limitation, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

53509.3. Nothing in this article shall limit the authority of the legislative body to enter into any contract in connection with the issuance of the bonds which it is permitted by Section 5922 to enter into.

53509.5. After the sale of bonds issued under the authority of this article, the legislative body shall do both of the following:

(a) Present actual cost information for the sale at its next scheduled public meeting.

(b) Submit an itemized summary of the costs of the bond sale to the California Debt and Investment Advisory Commission.

GOVERNMENT CODE

SECTION 53510-53511 - Legal Action Allowed

53510. As used in this article "local agency" means county, city, city and county, public district or any public or municipal corporation, public agency or public authority.

53511. (a) A local agency may bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(b) A local agency that issues bonds, notes, or other obligations the proceeds of which are to be used to purchase, or to make loans evidenced or secured by, the bonds, warrants, contracts, obligations, or evidences of indebtedness of other local agencies, may bring a single action in the superior court of the county in which that local agency is located to determine the validity of the bonds, warrants, contracts, obligations, or evidences of indebtedness of the other local agencies, pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

GOVERNMENT CODE

SECTION 53520-53523 - GO Bond Notice Requirements

53520. As used in this article "local agency" means county, city, city and county, public district or any public or municipal corporation, public agency or public authority.

53521. Whenever by any law of this state a local agency is required to give notice by posting or publication of a hearing on the formation of a local agency or an improvement district, zone, special assessment district or special taxing district within a local agency, or on the consolidation or dissolution of such local agency or the annexation or detachment of territory to or from any of the foregoing, or on the issuance of bonds or other evidences of indebtedness by or for any of the foregoing, the local agency may, in its discretion, cause additional notice of such hearing to be given by mail as follows:

(a) By mailing such notice, postage prepaid, to all persons owning real property which will be within such local agency, improvement district, zone, special assessment district or other special taxing district when the same is formed, consolidated or dissolved, or within territory proposed to be annexed or detached therefrom or which will or may be taxed or assessed for the payment of bonds or other evidences of indebtedness issued by or for any thereof, whose names and addresses appear on the last equalized county assessment roll (including the roll of state-assessed property) or are known to the clerk or secretary of the local agency.

(b) Such notice shall be mailed at least fifteen (15) days prior to the date fixed for the hearing.

53522. The clerk or secretary of the local agency shall, upon the completion of the mailing of the notice, file with the legislative body of the local agency an affidavit setting forth the time and manner of such mailing.

53523. The failure of any addressee of any mailed notice to receive the same shall not affect in any way whatsoever the validity of the proceedings including such hearing nor prevent the legislative body of the local agency from proceeding with any hearing so noticed.

GOVERNMENT CODE

SECTION 53530-53534 - Max Allowable Interest Rate

53530. As used in this article:

(a) "Local agency" means county, city, city and county, public district, public entity or authority, or other public or municipal corporation, including redevelopment agencies, housing authorities, and industrial development authorities.

(b) "Bonds" means bonds, warrants, notes or other evidences of indebtedness of a local agency or zone or improvement district thereof.

53531. Any provision of law specifying the maximum interest rate on bonds to the contrary notwithstanding, bonds may bear interest at a coupon rate or rates as determined by the legislative body in its discretion but not to exceed 12 percent per year payable as permitted by law, unless some higher rate is permitted by law.

53531.1. (a) The Legislature hereby finds and declares that, in enacting and amending Sections 53530 and 53531, the intent has been, and continues to be, to provide general authority to local agencies to issue bonds bearing interest at the coupon rate specified in Section 53531, as amended from time to time. This general authority is intended to be in addition to, and not limited by, specific provisions authorizing bonds of particular local agencies. Due to the general application of Section 53531, it has been unnecessary to amend the numerous statutes which contain their own specific maximum interest rates. This section contains the intent of the Legislature in previously enacting and amending Sections 53530 and 53531 and does not affect Section 53532 or 53533. This section does not constitute a change in, but is declaratory of, the existing law in effect since 1969.

(b) All bonds of any local agency issued prior to the effective date of this section, and bearing interest at coupon rates within the maximum rate specified in Section 53531, as in effect at the time of issuance, are legal, valid, and binding obligations of the local agency.

(c) The authority provided to all local agencies in Section 53531 to issue bonds bearing interest at a coupon rate in accordance with that section is in addition to, and not limited by, any power or limitation made applicable to local agencies by any other law enacted before or on or after the effective date of this section, unless the other law specifically provides otherwise.

53532. The provisions of Section 53531 shall apply only to coupon rates and shall not affect the power of a local agency to sell bonds at a discount below par if permitted by law. Any provision of law permitting bonds to be sold at a discount but specifying a maximum interest yield on bonds sold at a discount to the contrary notwithstanding, the bonds may be sold at a price yielding to the purchaser an effective interest rate of not to exceed 12 percent per

year, payable as permitted by law, according to standard tables of bond values.

53533. Notwithstanding Section 53531 or any other provision of law establishing limitations on the rate of interest of any indebtedness or obligation of a city, county, or city and county the rate of interest on any indebtedness or obligation thereof which is payable to the federal government or any agency or instrumentality thereof or any indebtedness or obligation guaranteed by the federal government or any instrumentality thereof may be at a rate higher than the limitations established in any other law if such rate is the rate established by the federal government or any instrumentality thereof. Any such indebtedness or obligation shall be in such form and denomination, have such maturity, and be subject to such conditions as may be prescribed by the federal government or agency or instrumentality thereof.

53534. Any provision of law to the contrary notwithstanding, a city, county, or city and county may enter into contracts commonly known as "interest rate swap agreements" or "forward payment conversion agreements" with any person providing for the exchange of payments between the person and the city, county, or city and county, including, without limitation, contracts providing for the exchange of fixed interest payments for floating payments or floating interest payments for fixed payments, or a combination thereof. The contracts may be made upon the terms and conditions established by the legislative body of the city, county, or city and county. The authority conferred by this section includes the authority to enter into any and all contracts incident to the exercise of the authority conferred by this section including, without limitation, contracts to obtain credit enhancement devices and contracts for the performance of professional services. However, these contracts may be made only if all securities or bonds included in the contracts are rated in one of the three highest rating categories by two nationally recognized rating agencies selected by the legislative body of the city, county, or city and county, and if there has been receipt, from any rating agency rating the bonds, of written evidence that the contract will not adversely affect the rating.

GOVERNMENT CODE

SECTION 53550-53569 - GO Bond Refunding

53550. The following terms shall have the following meanings:

(a) "Local agency" means public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or other public entity.

(b) "Bonds" means bonds, warrants, notes or other evidence of indebtedness of a local agency or any improvement district or zone thereof payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied without limitation as to rate or amount upon property in the local agency or any improvement district or zone thereof subject to taxation or assessment, or any outstanding indebtedness payable to the State Board of Equalization as repayment of the local agency's share of refunds made as a result of the California Court of Appeal decision in Aerospace Corporation v. State Board of Equalization, 218 Cal. App. 3d 1300, which indebtedness is hereby imposed on all the local agencies that are required to participate in the refund obligations arising from this decision and that are declared and determined to have been imposed by law.

(c) "Legislative body" means the board of directors or other governing body of the local agency, unless the context otherwise requires.

(d) "Principal act" means the law under which bonds to be refunded were issued.

(e) "Costs of issuing the refunding bonds" means those of the following costs and expenses designated by the legislative body in the resolution providing for the issuance of the bonds:

(1) All expenses incident to the calling, retiring or paying of the bonds to be refunded and to the issuance of refunding bonds, including the charges of any escrow agent or trustee in connection with the issuance of the refunding bonds or in connection with the redemption or retirement of the bonds to be refunded.

(2) Either of the following:

(A) Interest upon the refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded out of the proceeds of the sale of the refunding bonds, or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.

(B) Interest upon the bonds to be refunded from the date of sale of the refunding bonds to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.

(3) Any premium necessary in the calling or retiring of the bonds to be refunded.

(f) "Designated costs of issuing the refunding bonds" means whichever of the items specified in subdivision (e) that are designated by the legislative body in the resolution providing for the issuance of refunding bonds.

(g) "Federal securities" means those securities described in Sections 1360 and 1360.1 of the Financial Code.

53551. The legislative body of any local agency may issue negotiable coupon bonds, to be denominated refunding bonds, for the purpose of refunding any of the indebtedness of the local agency evidenced by bonds, whether due or not due, or which has or may hereafter become payable at the option of such local agency or by consent of the bondholders, or by any lawful means, whether such indebtedness, evidenced by bonds be now existing or may hereafter be created, and there shall not be moneys in a special fund in the treasury of such local agency irrevocably pledged to the payment or redemption of all such bonds; but the amount of such refunding bonds to be issued under the provisions of this article shall first be determined by such legislative body by resolution entered upon the minutes of such legislative body.

53552. Whenever the legislative body of a local agency determines that prudent management of the fiscal affairs of the local agency requires that it issue refunding bonds under the provisions of this article, it may do so without submitting the question of the issuance of the refunding bonds to a vote of the qualified electors of the local agency, unless the legislative body determines to submit the question to a vote, in which case the election shall be held in accordance with the principal act pursuant to which the bonds to be refunded were issued. Refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded, provided that this limitation shall not apply to bonds issued to refund indebtedness imposed by subdivision (b) of Section 53550 as a result of the court decision in Aerospace Corporation v. State Board of Equalization, 218 Cal. App. 3d 1300. Subject to this limitation, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

53553. When the legislative body determines to issue refunding bonds pursuant to this article, it shall adopt a resolution providing for the issuance of such bonds. Such resolution shall:

(a) Describe the bonds being refunded; and the date on which it is anticipated that the exchange, purchase or call and redemption necessary to effect the refunding shall occur;

(b) Fix the date of such refunding bonds;

(c) Designate the denomination or denominations thereof;

(d) Fix the rate or rates of interest to be borne by such refunding bonds, which rate or rates shall not exceed 8 percent per annum, payable semiannually, except that interest for the first year from date of issuance may be payable at the end of said year;

(e) Fix the maturity dates of such refunding bonds, which shall not exceed 40 years from the date of such refunding bonds, or the latest maturity date of the bonds being refunded, whichever occurs earlier;

(f) Designate the place or places of payment of both principal and interest;

(g) Prescribe the form of such refunding bonds; and

(h) State the designated costs of issuing the refunding bonds.

53554. Such refunding bonds shall:

- (a) Be negotiable in form;
- (b) Recite that they are bonds of the local agency issuing the bonds;
- (c) Recite that they are issued pursuant to the provisions of this article;
- (d) Be executed in the name of the local agency; and
- (e) Be signed by the president or chairman of the legislative body of the local agency, and executed, countersigned or attested by such officer or officers of the local agency as are required to execute, countersign or attest bonds issued pursuant to the principal act, as the case may be.

The interest coupons shall be signed in the same manner as interest coupons attached to bonds issued by the local agency pursuant to the principal act. The provisions of the Uniform Facsimile Signatures of Public Officials Act (Chapter 6, (commencing with Section 5500), Division 6, Title 1) apply to refunding bonds issued pursuant to this article.

53555. Refunding bonds issued pursuant to this article may be exchanged for the bonds to be refunded on such basis as the legislative body determines is for the benefit of the local agency but in no case on the basis that the principal amount of refunding bonds exceeds the principal amount of the bonds to be refunded plus the costs of issuing the refunding bonds. As an alternative to exchanging the refunding bonds for the bonds to be refunded, the legislative body may sell the refunding bonds at public or private sale for not less than their par value. The proceeds of any sale of refunding bonds for cash shall be placed in the treasury of the local agency to the credit of a fund to be established for the purpose of refunding the bonds to be refunded, which fund shall be designated the "funding fund," and such proceeds shall be applied only as permitted by this article.

53556. The designated costs of issuing the refunding bonds may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source, including the general fund of the local agency, other available revenues of the local agency under the control of the legislative body, the proceeds of sale of the refunding bonds, the interest or other gain derived from the investment of any of the proceeds of sale of the refunding bonds, any other moneys in escrow or in trust or any combination thereof as the legislative body may determine; provided, however, that any amounts paid by the local agency other than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of such proceeds shall be added to the total net interest cost to maturity on the refunding bonds in determining whether the test of the second sentence of Section 53552 has been met.

53557. Any proceeds of sale of any refunding bonds may be deposited in escrow or trust with any bank or trust company within or without the state, or both within and without the state, and shall be secured

in accordance with the laws applicable to funds of the local agency and may (along with any other moneys available for that purpose similarly deposited) be invested or reinvested in federal securities.

53558. Such proceeds and investments in escrow or trust shall be in an amount at the time of issuance of such refunding bonds which is certified by a certified public accountant licensed to practice in this state to be sufficient to meet the requirements of subdivision (a) or paragraph (b) of this section.

(a) Such proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount at least sufficient to pay (i) the principal of and interest and redemption premiums, if any, on the refunded bonds as they become due or at designated dates prior to maturity (in connection with which the legislative body has exercised or has obligated itself to exercise a redemption privilege on behalf of the local agency) and (ii) the designated costs of issuance of the refunding bonds, or

(b) Such proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount at least sufficient to pay (i) the principal of and interest and redemption premiums, if any, on the refunding bonds prior to the maturity of the bonds to be refunded or prior to a designated date or dates before the maturity of the bonds to be refunded (in connection with which the legislative body has exercised or has obligated itself to exercise a redemption privilege on behalf of the local agency), (ii) the principal of and any redemption premiums due on such refunded bonds at maturity or at said designated date or dates and (iii) the designated costs of issuance of the refunding bonds.

53559. Following the issuance of any refunding bonds pursuant to this article, the legislative body of the local agency shall provide for the payment of principal and interest thereon in the same manner and at the same times as it provides for payment of principal and interest on bonds issued pursuant to its principal act and which constitute general obligations of such local agency. The legislative body may provide in the resolution of issuance of such refunding bonds for the pledge of revenues of any revenue-producing facility of the local agency as additional security for the refunding bonds to the same extent that such revenues were pledged as additional security for the bonds to be refunded.

53560. Upon the issuance, sale and delivery or exchange of refunding bonds pursuant to this article:

(a) If only the refunding bonds remain outstanding, such refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness of such local agency for purposes of any debt limitation applicable to bonds of such local agency under the principal act or for any other lawful purpose;

(b) If both the refunding bonds and the bonds to be refunded remain outstanding for any period of time following the date of the issuance, sale and delivery of the refunding bonds, then until the date on which the bonds to be refunded are no longer outstanding;

(i) If the local agency has met the test of subdivision (a) of

Section 53558 the refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness of such local agency for purposes of any debt limitation applicable to bonds of such local agency under the principal act or for any other lawful purpose, but the bonds to be refunded shall no longer be considered outstanding in any computation of the general obligation indebtedness of such local agency;

(ii) If the local agency has met the test of subdivision (b) Section 53558 then such refunding bonds shall, until the date on which the refunding bonds are no longer outstanding, constitute a special obligation of the local agency issuing such bonds and shall not be included in any computation of general obligation indebtedness of such local agency for any purpose, and the bonds to be refunded shall be considered outstanding in any computation of the general obligation bonded indebtedness of such local agency; but from and after the date on which the refunded bonds are no longer outstanding the refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness.

53561. It is hereby declared that it is a public purpose for a local agency to issue refunding bonds for the purposes set forth in this article and to invest and reinvest the proceeds thereof, and any other funds legally available therefor, for the purposes set forth herein; provided, however, that it is the intent of this article, and this article shall be so construed, that in no single fiscal year shall a tax be levied or shall funds of a local agency other than those expressly permitted herein be used to pay the principal of and interest and redemption premium, if any, on both the refunding bonds and on the bonds to be refunded.

53562. The powers conferred by this article are in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect the powers conferred by, any other law.

53569. Before selling any refunding bonds subject to the provisions of this article, any local agency shall advertise such bonds for sale at public sale and shall invite sealed bids therefor by publication of a notice once at least 10 days before the date of such public sale in a newspaper of general circulation circulated within the boundaries of each local agency to be aided by the public project to be financed by the issuance of such bonds; provided that, if an issue of bonds is less than five hundred thousand dollars (\$500,000), a local agency is not required to advertise such bonds for public sale or to accept bids thereon pursuant to this section. If one or more satisfactory bids are received pursuant to such notice, such bonds shall be awarded to the highest responsible bidder. If no bids are received or if the local agency determines that the bids received are not satisfactory as to price or responsibility of the bidders, the local agency may reject all bids received, if any, and either readvertise or sell such bonds at private sale.

GOVERNMENT CODE

SECTION 53570-53572 - Refunding Revenue Bonds

53570. The following terms shall have the following meanings:

(a) "Local agency" means public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, any other public entity, or any improvement district or zone thereof.

(b) "Revenue bonds" means any of the following:

(1) Bonds, warrants, notes, or other evidence of indebtedness of a local agency payable from funds other than the proceeds of ad valorem taxes or the proceeds of assessments levied without limitation as to rate or amount by the local agency upon property in the local agency.

(2) Bonds, notes, interim certificates, debentures, or other obligations of a redevelopment agency, including, but not limited to, obligations payable in whole or in part from taxes allocated to, and paid into, a special fund of the agency pursuant to Article 6 (commencing with Section 33670) of Chapter 6 of Part 1 of Division 24 of the Health and Safety Code.

53571. It is hereby declared that it is a public purpose for a local agency to issue bonds for the purpose of refunding any revenue bonds of the local agency or any revenue bonds of a member of the local agency pursuant to Article 11 (commencing with Section 53580), whether due or not due, or that have or that may hereafter become payable at the option of the local agency, by consent of the bondholders, or by any lawful means.

Any refunding bonds may be outstanding at the same time as the revenue bonds for which the refunding bonds are issued, subject to any contractual limitations created in the proceedings for the issuance of the revenue bonds, and may be on a parity with, or subordinate to, the revenue bonds.

The refunding bonds may be issued pursuant to Article 11 (commencing with Section 53580) or under any applicable revenue bond law, including, but not limited to, the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300)), the Parking Law of 1949 (Part 2 (commencing with Section 32500) of Division 18 of the Streets and Highways Code), the Parking District Law of 1951 (Part 4 (commencing with Section 35100) of Division 18 of the Streets and Highways Code), the joint exercise of powers provisions contained in Article 1 (commencing with Section 6500) and Article 2 (commencing with Section 6540) of Chapter 5 of Division 7 of Title 1, and the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), and shall be deemed issued for a valid public purpose and a proper bond purpose under Article 11 (commencing with Section 53580) or the applicable revenue bond law, and interest upon the refunding bonds or the bonds to be refunded from the date thereof to the date of payment of the bonds to be refunded or the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds may be paid from the proceeds of the refunding bonds or the investment of the proceeds.

53572. In connection with the issuance of bonds under any law permitting the issuance of refunding bonds, a local agency may declare the proceeds of such refunding bonds to be a revenue producing public facility, including an enterprise under the Revenue Bond Law of 1941, or may declare such proceeds to be part of such revenue producing public facility or enterprise or may otherwise declare such proceeds to be held, in whole or in part, and for such time as the local agency may deem advisable, in trust for the protection of holders of the bonds or of the refunding bonds.

GOVERNMENT CODE

SECTION 53580-53589.5 – Refunding JPA Revenue Bonds

53580. The following terms shall have the following meanings:

(a) The term "local agency" means public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or other public entity or any improvement district or zone thereof.

(b) The term "bonds" as used in this article means: bonds as defined in Section 53550, or revenue bonds as defined in Section 53570.

(c) The term "refunding bonds" means bonds issued to refund bonds.

(d) The term "federal securities" as used in this article means those securities defined in subdivision (g) of Section 53550 and in subdivision (a) of Section 53651.

53581. Notwithstanding the provisions of any other law, the provisions of this article shall apply to all refunding bonds of any local agency, regardless of the authority for their issuance.

53582. The proceedings of any local agency authorizing the issuance of bonds shall not require the deposit of any more moneys, obligations, and federal securities as are sufficient, taking into account both the principal amount of the moneys, obligations, and securities and the interest to become due thereon, to implement the refunding of those bonds. Federal securities and the interest thereon shall be used to satisfy any requirement of cash, money, specie, or lawful money in any proceeding conducted by a local agency before September 19, 1975.

53583. (a) Any local agency may issue bonds pursuant to this article or any revenue bond law under which the local agency is otherwise authorized to issue bonds for the purpose of refunding any revenue bonds of the local agency or, if the local agency is a joint powers authority, any revenue bonds of a member local agency, upon authorization by resolution of that member of the joint powers authority.

(b) The proceedings of any local agency authorizing the issuance of any refunding bonds may provide all of the following for those bonds:

(1) The form of the bonds to be issued as serial bonds, term bonds, or installment bonds, or any combination thereof.

(2) The date or dates to be borne by the bonds.

(3) The time or times of maturity of the bonds.

(4) The interest, fixed or variable, to be borne by the bonds.

(5) The time or times that the bonds shall be payable.

(6) The denominations, form, and the registration privileges of the bonds.

(7) The manner of execution of the bonds.

(8) The place or places the bonds are payable.

(9) The terms of redemption.

(10) Any other terms and conditions determined necessary by the local agency.

(c) (1) The refunding bonds may be sold at public or private sale or on a negotiated sale basis and at the prices, above or below par, as the local agency determines.

(2) (A) If the local agency determines to sell the bonds at public sale, the local agency shall advertise the bonds for sale and invite sealed bids on the bonds by publication of a notice once at least 10 days before the date of the public sale in a newspaper of general circulation circulated within the boundaries of each local agency to be aided by the project to be financed by the issuance of the bonds. If one or more satisfactory bids are received pursuant to the notice, the bonds shall be awarded to the highest responsible bidder. If no bids are received or if the local agency determines that the bids received are not satisfactory as to price or responsibility of the bidders, the local agency may reject all bids received, if any, and either readvertise or sell the bonds at private sale or on a negotiated sale basis.

(B) If the local agency determines to sell the bonds at private sale or on a negotiated sale basis, the local agency shall send a written statement, within two weeks after the bonds are sold, to the California Debt Advisory Commission explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated sale basis instead of at public sale.

53583.5. If the original bonds to be refunded under this article were issued under Section 33760, 34312, or 52080 of the Health and Safety Code, the refunding bonds shall require a regulatory agreement that complies with subdivision (d) of Section 33760 of, or paragraph (2) of subdivision (d) of Section 34312 of, or subdivision (g) of Section 52080 of, the Health and Safety Code.

53584. The proceeds of refunding bonds may be applied to the purchase, retirement at maturity, or redemption of the bonds to be refunded either at their earliest redemption date or dates, any subsequent redemption date or dates, upon their purchase or retirement maturity, or paid to a third person to assume the local agency's obligation to make the payments, and may, pending that application, be placed in escrow and invested or reinvested in any obligations or securities, and any interest or other increment earned or realized on any such investment may be applied to the payment of the bonds to be refunded or to the payment of interest on the refunding bonds, as provided in the proceedings of the local agency authorizing the issuance of the refunding bonds.

53584.1. In issuing refunding bonds to honor warrants to school districts, community college districts, and other local agencies in settlement of bankruptcy, the Board of Supervisors of Orange County may provide in the resolution authorizing the issuance of those refunding bonds for the pledge of any taxes, income, revenue, cash receipts, rents, or other moneys of Orange County, including moneys deposited in inactive or term deposit accounts, or rights to receive the same, to the extent that the taxes, income, revenue, cash receipts, rents, or other moneys could have been used to pay principal or interest on the refunded bonds. The priority and perfection of the pledge shall be governed by Chapter 5.5 (commencing

with Section 5450) of Division 6 of Title 1.

53585. A local agency that issues refunding bonds may obtain insurance or other credit enhancement of the refunding bonds or of the escrow referred to in Section 53584 and may enter into any credit reimbursement agreement or other agreement with any person or entity. The agreement shall contain the terms of the credit reimbursement, interest rate, security, and any other terms the local agency deems necessary or appropriate.

53585.1. (a) In issuing refunding bonds to honor warrants to school districts, community college districts, and other local agencies in settlement of bankruptcy, the Board of Supervisors of Orange County, in the resolution authorizing the issuance of refunding bonds, may provide that Orange County elects to guarantee payment of the refunding bonds in accordance with the following:

(1) If Orange County elects to participate under this section, it shall provide notice to the Controller of that election, which notice shall include a schedule for the repayment of principal and interest on the bonds, and identify a refunding bond trustee appointed by Orange County for the purposes of this section. The notice may be provided at the time of issuance of the refunding bonds or at a later date.

(2) In the event that, for any reason, the funds available for the payment of principal and interest of the bonds will not be sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, Orange County shall so notify the trustee. The trustee shall immediately communicate that information to the affected bondholders and to the Controller.

(3) When the Controller receives notice from the trustee as described in paragraph (2) that the funds made available pursuant to this article for the payment of principal and interest of the bonds is not sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, the Controller shall make an apportionment to the trustee in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which Orange County is entitled at that time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code, and shall thereupon reduce, by the amount of the payment, the subsequent allocation or allocations to which Orange County would otherwise be entitled under that chapter.

(4) As an alternate to the procedure set forth in paragraphs (2) and (3), Orange County may specify in the notice provided to the Controller pursuant to paragraph (1) a schedule of payments to be made on specified dates to the trustee, and the Controller shall, subject to the limitation in the second sentence of paragraph (3), make apportionments to the trustee in the amount of the required payments on the specified dates.

(b) This section shall not be construed to obligate the State of California to make any payment to Orange County from the Motor Vehicle License Fee Account in the Transportation Tax Fund in any

amount or pursuant to any particular allocation formula, or to make any other payment to Orange County, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by Orange County in accordance with this section.

53586. Notwithstanding Section 53583, the outstanding bonds of the project areas of the redevelopment agency of the City of San Bernardino, which were merged into one and designated Central City by Chapter 1227 of the Statutes of 1983, may be refunded on the first date on which the bonds may legally be called, or on any date or dates thereafter, or at the maturity date or dates of the outstanding bonds without regard to the dates on which the outstanding bonds may legally be called.

Nothing in this section shall be construed as modifying the requirements for low- and moderate-income housing set forth in Section 33471.5 of the Health and Safety Code.

53587. In determining the amount of refunding bonds to be issued, the local agency may include all costs of issuing the refunding bonds and of refunding the bonds to be refunded, including the amount of any premium required to be paid to redeem any of the bonds to be refunded, any capitalized interest or bond reserve funds which the local agency determines to be reasonably required, and the cost of any insurance or other credit enhancement authorized by Section 53585.

53588. The issuance, transfer, and interest income earned on any bonds issued by a local agency under this article is exempt from taxation of every kind by any state or local entity. The local agency shall not be required to pay any taxes on, or with respect to, the income earned on the investment of proceeds of the bonds placed in escrow or otherwise.

53589. This article provides a complete, additional, and alternative method for doing the things authorized by this article and shall be regarded as supplemental and additional to the powers conferred by any other laws. The issuance of bonds and the entering into any credit reimbursement or other agreement under this article does not need to comply with the requirements of any other law applicable to the local agency or the issuance of bonds or the incurring of indebtedness, except that bonds which were subject to investigations, reports, and approval or certification by the Treasurer pursuant to the District Securities Investigation Law of 1965, Chapter 2.5 (commencing with Section 58750) of Division 2 of Title 6, and the Districts Securities Law, Chapter 1 (commencing with Section 20000) of Division 10 of the Water Code prior to the adoption of this article shall continue to be subject to the investigations, reports, and approval or certification.

53589.5. An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of any issuance or proposed

issuance of refunding bonds under this article, and the legality and validity of all proceedings previously taken or proposed to be taken in a resolution or ordinance adopted by the local agency for the authorization, issuance, sale, and delivery of the bonds, for entering into any credit reimbursement or other agreement in connection therewith, for the use of the proceeds of the bonds, and for the payment of the principal of, and interest on, the bonds.

GOVERNMENT CODE

SECTION 53590-53594 - Financial Advisory Relationships

53590. The following terms shall have the following meanings for purposes of this article:

(a) "Bond counsel" means any attorney or firm of attorneys that represents the issuer of a new issue of bonds with respect to the issuance of the bonds and that renders a written legal opinion to, or as counsel for, the issuer with respect to the validity of the bonds.

(b) "Bond" means any bonds, notes, or other evidences of indebtedness issued by any local agency or certificates of participation in any lease, sale, or other obligations of any local agency. "New issue of bonds" means the original issuance of bonds, including refunding bonds, by the issuer to one or more purchasers until, in the case of underwriters, the end of the underwriting period. In the case of bonds with a tender or put option feature, or commercial paper, "new issue of bonds" means only the original issuance and not any remarketing, rollover, or reissuance.

(c) A "financial advisory relationship" exists when an investment firm, or other person or firm in the business of providing financial advisory or financial consulting services to issuers with respect to municipal securities, renders, or enters into an agreement to render, financial advisory or financial consultant services to, or on behalf of, an issuer with respect to a new issue or issues of bonds, including advice with respect to the structure, timing, terms, and other similar matters concerning the issue or issues, for a fee or other compensation or in expectation of such compensation for the rendering of those services. However, a financial advisory relationship does not exist when, in the course of acting as an underwriter, an investment firm renders advice to an issuer, including advice with respect to the structure, timing, terms, and other similar matters concerning a new issue of bonds or when, for any new issuer of bonds, an investment firm advises and assists an issuer with respect to obtaining consent from holders of previously issued bonds in connection with, among other things, amendments of covenants or defaults.

(d) "Investment firm" means any bank, investment bank, partnership, corporation, association, or other firm engaged in the business of buying and selling bonds for its own account or for the account of others as part of its regular business.

(e) "Local agency" means a public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or other local public entity.

53591. No investment firm that has, or has had, a financial advisory relationship with respect to a new issue of bonds shall acquire as principal either alone or as a participant in a syndicate or other similar account formed for the purpose of purchasing, directly or indirectly, from the issuer all or any portion of the issue, or arrange for the acquisition or participation by a person controlling, controlled by, or under common control with the investment firm, unless the issue is to be sold by the issuer at

competitive bid and the issuer has, prior to the bid, expressly consented in writing to the acquisition or participation. The limitations and requirements set forth in this section also apply to any investment firm controlling, controlled by, or under common control with the investment firm having a financial advisory relationship. The use of the term "indirectly" in this section does not preclude any investment firm which has a financial advisory relationship with respect to a new issue of bonds from purchasing any of those bonds from an underwriter, either for its own trading account or for the account of its customers, except to the extent that the purchase is made to contravene the purpose and intent of this section.

53592. Each financial advisory relationship shall be evidenced by a written document executed prior to, upon, or promptly after the inception of the financial advisory relationship, or promptly after the creation or selection of the issuer if the issuer does not exist or has not been determined at the time the relationship commences. That written document shall set forth the basis of compensation for the financial advisory services to be rendered, which, except for bonds issued prior to January 1, 1988, to finance single-family or multifamily housing, shall be on a basis other than as a percentage of the amount of the bonds to be sold.

53593. No bond counsel with respect to a new issue of bonds shall also be counsel, with respect to that new issue of bonds, to the underwriter or other initial purchaser of the bonds. This section does not preclude the bond counsel from rendering one or more opinions to the underwriter or purchaser with respect to the bonds, the documents or laws pursuant to which the bonds are issued, the official statement, offering circular, or other disclosure document describing the bonds, or any related matter, if the opinion is rendered as bond counsel and not as counsel to the underwriter or purchaser.

53594. Injunctive relief shall be available, subject to judicial discretion, to prohibit or enjoin any violation of this article, but no violation shall affect the authority, validity, or enforceability of bonds.

GOVERNMENT CODE

SECTION 53595-53595.55 - RDA Tax Increment Bonds

53595. As used in this article:

(a) "Debt instruments" means bonds, notes, certificates of participation, or other evidences of indebtedness issued by a local agency pursuant to this article.

(b) "Indenture" means the instrument providing the terms and conditions for the issuance of the debt instruments, and may be a resolution, order, agreement, or other instrument.

(c) "Legislative body" means the city council, board of supervisors, or other legislative or governing body of a local agency.

(d) "Local agency" means any city, county, city and county, district, including, but not limited to, a school district or other public entity authorized to enter into a tax increment agreement.

(e) "Redevelopment agency" means a redevelopment agency established pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code and includes a community development commission exercising the powers granted to a redevelopment agency pursuant to Section 34141 of the Health and Safety Code.

(f) "Tax increment" means that portion of tax revenues allocated to a redevelopment agency pursuant to subdivision (b) of Section 33670 of the Health and Safety Code.

(g) "Tax increment agreement" means any agreement between a local agency and a redevelopment agency which allocates tax increment to the local agency pursuant to Section 33401 of the Health and Safety Code.

(h) "Tax increment revenues" means tax increment received or receivable by a local agency pursuant to a tax increment agreement.

53595.5. This article shall apply only to local agencies located within a county with a population of over 4,000,000 persons.

53595.10. A local agency may pledge, sell, transfer, assign, or otherwise dispose of tax increment revenues for any purpose for which the general funds of the local agency may be expended.

53595.15. (a) A pledge by a local agency of tax increment revenues received pursuant to a tax increment agreement shall be valid and binding upon the local agency from the time the pledge is made for the benefit of pledgees and successors in interest thereof. The tax increment revenues pledged by the local agency or its assignees shall immediately, upon receipt by the local agency from the redevelopment agency, be subject to the lien of the pledge without physical delivery or further act.

(b) Except as otherwise specified in this section, the lien of the pledge shall be valid and binding against all parties, irrespective of whether the parties have notice of the claim. The indenture by which the pledge is created need not be recorded. The pledge shall

remain a valid and binding pledge until the debt instruments secured by the pledge are no longer outstanding.

(c) Nothing in this article affects the rights, duties, or obligations of a redevelopment agency with regard to the allocation of tax increment by a redevelopment agency to a local agency pursuant to a tax increment agreement, the terms of which shall exclusively govern the rights, duties, and obligations of the redevelopment agency. This article does not vest in any pledgee, holder of debt instruments, successor in interest thereof, or any person, other than the local agency, any lien, right, claim, interest, or cause of action against a redevelopment agency for tax increment revenues held by, or to be received by, the redevelopment agency.

53595.20. (a) A local agency may, from time to time, issue its negotiable debt instruments payable from, secured by, collateralized by, or representing interests in, tax increment revenues. The debt instruments may be issued to provide funds for capital expenditures, payment of rent or debt service, purchases of fixed assets, deposits into reserves created to improve the financial condition of the local agency, or other similar expenditures. The debt instrument proceeds may also be used to pay operating costs of the local agency if that use has been approved by a four-fifths vote of all the members of the governing body of the local agency. In no case, however, shall the proceeds of any debt instrument be used to pay for increased salary or benefit for officers or employees of a local agency.

(b) (1) The debt instruments may be issued as serial debt instruments, term debt instruments, or both, and may be issued in those series or classes as the legislative body of the local agency may determine. The debt instruments shall bear the date or dates, mature at the time or times, bear interest at the rate or rates, fixed or variable, be payable at the time or times, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in lawful money of the United States of America at the place or places, and be subject to terms of redemption, as the indenture relating to the debt instruments may provide.

(2) The debt instruments may be sold at public or private sale, for the price or prices and upon these terms and conditions as the legislative body of the local agency shall determine. The local agency may sell the debt instruments at a price below the par value thereof. Pending preparation of the definitive debt instruments, the local agency may issue interim receipts or certificates or temporary debt instruments which shall be exchanged for the definitive debt instruments. The recitals of regularity of proceedings in any debt instrument issued or sold under this article shall be conclusive evidence of compliance with this article and of the validity of the debt instrument.

(c) The debt instruments shall be signed by the chairperson of the legislative body and by any authorized officer of the local agency by manual or facsimile signature. Neither the members of the legislative body of a local agency nor any person executing the debt instruments shall be personally liable on the debt instruments or be subject to any personal liability or accountability by reason of the issuance or execution thereof.

(d) The local agency shall have the power to purchase its debt instruments out of any funds available therefor. The local agency may

hold, pledge, cancel, or resell the debt instruments, subject to, and in accordance with, agreements with holders of debt instruments.

53595.25. (a) A local agency may provide for the issuance of debt instruments for the purpose of refunding any debt instruments or any class, series, or issue of debt instruments of the local agency then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption, purchase, or maturity of debt instruments.

(b) The proceeds of any debt instruments issued for the purpose of refunding of outstanding debt instruments may, in the discretion of the local agency, be (1) applied to the purchase, redemption prior to maturity, or retirement at maturity of any outstanding debt instruments on their redemption date or dates, or (2) paid to a third person to assume the local agency's obligation to make the payments, and may, pending that application, be placed in escrow to be reapplied to the purchase, retirement at maturity, or redemption on the date or dates determined by the local agency.

(c) Any proceeds placed in escrow may, pending their use, be invested and reinvested in obligations or securities authorized by resolutions of the legislative body of the local agency, payable or maturing at the time or times as are appropriate to ensure the prompt payment of the principal, interest, and redemption premium if any, of the outstanding debt instruments to be refunded. The interest, income, and profits, if any, earned or realized on this investment may also be applied to the payment of the outstanding debt instruments to be refunded or to the payment of interest on the refunding debt instruments. After the terms of the escrow have been fully satisfied and carried out, any balance of the proceeds and interest, income, and profits, if any, earned or realized on the investment thereof may be returned to the local agency for use by the local agency.

(d) All of the refunding debt instruments are subject to this article in the same manner, and to the same extent, as other debt instruments issued pursuant to this article.

53595.30. (a) All moneys received pursuant to this article and pledged to the payment of any class, series, or issue of debt instruments, whether as tax increment revenues or from any other source, shall be deemed to be trust funds to be held and applied solely as provided in this article. Until the funds are applied as provided by this article, and notwithstanding any other provision of law, the moneys may be invested in obligations or securities authorized by resolutions of the legislative body of the local agency authorizing the issuance of debt instruments.

(b) Any officer with whom, or any bank or trust company with which, the moneys are deposited shall act as trustee of the moneys and shall hold and apply the moneys for the purpose of this article, subject to any regulations of the local agency adopted pursuant to this article and the indenture securing the bonds.

53595.35. (a) In the discretion of the legislative body of a local agency, any debt instruments issued under this article may be secured by an indenture by and between the local agency and a corporate

trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state. The indenture or resolution providing for the issuance of the debt instruments may pledge or assign the tax increment revenues or the interest of the local agency therein. The indenture may contain provisions for protecting and enforcing the rights and remedies of the holders of debt instruments as may be reasonable and proper and not in violation of law, including particular provisions specifically authorized by law to be included in any indenture of the local agency authorizing debt instruments pursuant to this article. The indenture may set forth the rights and remedies of the holders of debt instruments and of the trustee or trustees, and may restrict rights of action of holders of debt instruments. In addition to the foregoing, the indenture may contain other provisions as the local agency may deem necessary or desirable to facilitate the issuance and sale of the debt instruments or for the protection and security of the holders of debt instruments.

(b) Any holder of debt instruments issued under this article or any of the coupons appertaining thereto, and the trustee or trustees under any indenture, except to the extent the rights herein given may be restricted by any indenture securing the debt instruments, may, either at law or in equity, by suit, action, mandamus, or other proceeding, protect and enforce any and all rights under the laws of the state or granted by this article or under indenture, and may enforce and compel the performance of all duties required by this article or by the indenture to be performed by the local agency or by any officer, employee, or agent thereof.

53595.40. (a) Debt instruments issued under this article shall be payable solely from the tax increment revenues herein provided and not from any other assets or revenues of the issuing local agency.

(b) The local agency issuing the debt instruments shall not pledge the faith or credit of the state or of any municipality or political subdivision thereof to secure the debt instruments. All debt instruments shall contain on the face thereof a statement to the effect that neither the State of California nor the local agency issuing the debt instruments shall be obligated to pay the principal of, premium, if any, or interest on the debt instruments, except from the revenues of the local agency pledged for payment, and that neither the faith and credit nor the taxing power of the State of California nor of any municipality or political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the debt instruments.

(c) The issuance of debt instruments under this article shall not directly or indirectly or contingently obligate the state, a municipality, or any political subdivision of the state to levy or pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof.

53595.45. (a) Debt instruments issued by a local agency under this article are hereby made securities in which all (1) banks, bankers, savings banks, trust companies, and other persons carrying on a banking business, (2) all insurance companies, insurance associations, and other persons carrying on an insurance business, (3) all administrators, executors, guardians, trustees, and other

fiduciaries, and (4) all other persons whatsoever who now are or may hereafter be authorized to invest in debt instruments or other obligations of the state, may properly and legally invest any funds, including capital belonging to them or within their control.

(b) The debt instruments are hereby made securities which may properly and legally be deposited with, and received by, any state or municipal officers or agency of the state or municipality or political subdivision thereof for any purpose for which the deposit of debt instruments or other obligations of the state is now, or may hereafter be, authorized by law.

53595.50. Any debt instruments issued under this article, their transfer, and in the income therefrom shall at all times be free from taxation of every kind by the state and by all municipalities and political subdivisions in the state.

53595.55. This article shall be deemed to provide a complete, additional, and alternative method for doing the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws. This article shall be liberally construed so as to effectuate its purposes. To the extent that this article is inconsistent with any other general statute or special act or parts thereof, this article shall be deemed controlling.

EDUCATION CODE

SECTION 15120-15126 - SD GO Bond Election Provisions

15120. (a) An election held for purposes of this chapter shall be conducted as provided in Chapter 3 (commencing with Section 5300) of Part 4, except as otherwise provided in Sections 15100 to 15126, inclusive.

(b) If an election is held for purposes of this chapter in a school district, no other election may be held for purposes of this chapter in that district for a period of 90 days after that election.

15121. Any election called pursuant to Sections 15100 to 15141, inclusive, and Sections 15142 to 15261, inclusive, may be consolidated with any other election pursuant to Part 3 (commencing with Section 10400) of Division 10 of the Elections Code.

15122. The words to appear upon the ballots shall be "Bonds--Yes" and "Bonds--No," or words of similar import. A brief statement of the proposition, setting forth the amount of the bonds to be voted upon, the maximum rate of interest, and the purposes for which the proceeds of the sale of the bonds are to be used, shall be printed upon the ballot. No defect in the statement other than in the statement of the amount of the bonds to be authorized shall invalidate the bonds election.

15122.5. (a) Whenever an election is called on the question of whether bonds of a school district shall be issued and sold for the purposes specified in Section 15100 and the project to be funded by the bonds will require state matching funds for any phase of the project, the sample ballot shall contain a statement, as provided in subdivision (b), advising the voters that the project is subject to the approval of state matching funds and, therefore, passage of the bond measure is not a guarantee that the project will be completed.

(b) The words to appear in the sample ballot in satisfaction of the requirements of subdivision (a) are as follows:
"Approval of Measure ____ does not guarantee that the proposed project or projects in the ____ School District that are the subject of bonds under Measure ____ will be funded beyond the local revenues generated by Measure _____. The school district's proposal for the project or projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure."

(c) This section does not apply to any election to incur bonded indebtedness pursuant to the Mello-Roos Community Facilities Act of 1982 contained in Chapter 2.5 (commencing with Section 53311) of Division 2 of Title 5 of the Government Code.

15123. The form and details of all ballots at school district or community college bond elections shall comply with ballot provisions of this code applicable to governing board member elections with

additional requirements as provided for in this chapter.

15124. If it appears from the certificate of election results that two-thirds of the votes cast on the proposition of issuing bonds of the district are in favor of issuing the bonds; or, a majority of the votes cast, if the election is held to repair, reconstruct or replace school buildings in compliance with Section 17367 or 81162 or any other provision of law, the governing board of the school district or community college shall cause an entry of that fact to be made upon its minutes. The governing board shall then certify to the board of supervisors of the county whose superintendent of schools has jurisdiction over the district, all proceedings had in the premises. The county superintendent of schools shall send a copy of the certificate of election results to the board of supervisors of the county.

15125. The proceedings relating to the authorization of bonds of a joint school district of any type need be certified only to the board of supervisors of the county whose superintendent of schools has jurisdiction over the district. The board of supervisors may issue and sell the bonds and no action of the board of supervisors of any other county in which the district is situated shall be required in connection with the issuance and sale, and the bonds need not be signed by any officer of any the other county.

15126. No error, irregularity, or omission which does not affect the substantial rights of the taxpayers within the district or the electors voting at any election at which bonds of any district are authorized to be issued shall invalidate the election or any bonds authorized.

EDUCATION CODE

SECTION 15140-15150 - SD GO Bond Issuance Provisions

15140. (a) Bonds of a school district or community college district shall be offered for sale by the board of supervisors of the county, the county superintendent of which has jurisdiction over the district, or the community college district governing board, where appropriate, as soon as possible following receipt of a resolution duly adopted by the governing board of the school district or community college district. The resolution shall prescribe the total amount of bonds to be sold. The resolution may also prescribe the maximum acceptable interest rate, not to exceed 8 percent, and the time or times when the whole or any part of the principal of the bonds shall be payable, which shall not be more than 25 years from the date of the bonds.

(b) Notwithstanding subdivision (a) or another provision of this chapter, the board of supervisors of any county may provide by resolution that the governing board of any school district or community college district over which the county superintendent of schools has jurisdiction, and which has not received a qualified or negative certification in its most recent interim report, may issue and sell bonds on its own behalf pursuant to this chapter without further action of the board of supervisors or officers of that county or of any other county in which a portion of the school district or community college district is located. The county shall levy and collect taxes, pay bonds, and hold bond proceeds and tax funds pursuant to this chapter for the bonds issued and sold pursuant to this subdivision.

(c) Whenever the governing board of a school district or community college district issues bonds or refunding bonds payable from ad valorem taxes the governing board shall transmit the authorizing resolution and debt service schedule, including the debt service schedule for the bonds to be refunded, to the county auditor and county treasurer in sufficient time to permit the county to establish tax rates and necessary funds or accounts for the bonds.

15141. When authorized by the governing board of a school district or a community college district, bonds of a school district or a community college district may be offered for sale as a group by the board of supervisors of the county, the county superintendent of schools, or the governing board of a community college district, which has jurisdiction over the district, at a time determined by the board of supervisors following receipt of a resolution duly adopted by the governing board of the school district or community college district. The resolution shall prescribe the total amount of bonds to be sold. The resolution may also prescribe the maximum acceptable interest rate, not to exceed 8 percent, and the time or times when the whole or any part of the principal of the bonds shall be payable, which shall not be more than 25 years from the date of the bonds. Bidders shall be required to bid a lump-sum bid on all bonds as a group. If bids satisfactory to the governing board of each school district included in the group are received, the bonds offered for sale shall be awarded to the bidder whose bid will result in the lowest net interest cost for the group or for the bonds of any district included within the group. Bonds shall be issued and sold in

the name of each school district or a community college district in the same manner as provided in this chapter.

15142. The bonds shall be issued in the denomination or denominations as the board of supervisors or governing board of the community college district may prescribe.

15143. The bonds shall not bear a rate of interest greater than 8 percent per annum, payable annually or semiannually.

15144. The number of years the whole or any part of the bonds are to run shall not exceed 25 years, from the date of the bonds or the date of any series thereof.

15145. (a) The board of supervisors by an order entered upon its minutes shall prescribe the form of the bonds. The bonds shall be signed by the chairperson of the board of supervisors, or by any other member thereof as the board of supervisors shall, by resolution adopted by a four-fifths vote of all its members, authorize and designate for that purpose, and also signed by the treasurer of the county, and shall be countersigned by the clerk of the board of supervisors or by a deputy of either of the officers. Unless the board of supervisors otherwise provides, all the signatures and countersignatures may be printed, lithographed, engraved, or otherwise mechanically reproduced except that one of the signatures or countersignatures to the bonds shall be manually affixed. Any signature may be affixed in accordance with the provisions of the Uniform Facsimile Signatures of Public Officials Act, Chapter 6 (commencing with Section 5500) of Title 1 of the Government Code. All expense incurred for the preparation, sale, and delivery of the school bonds, including but not limited to, fees of an independent financial consultant, the publication of the official notice of sale of the bonds, the preparation, printing and distribution of the official statement, the obtaining of a rating, the purchase of insurance insuring the prompt payment of interest and principal, the preparation of the certified copy of the transcript for the successful bidder, the printing of the bonds, and legal fees of independent bond counsel retained by the school district or community college district issuing the bonds are legal charges against the funds of the district issuing the bonds and may be paid from the proceeds of sale of the bonds.

(b) Notwithstanding subdivision (a), the board of supervisors may, in its discretion, determine that all of the required signatures and countersignatures shall be by facsimiles, provided, however, that the bonds shall not be valid or become obligatory for any purpose until manually signed by an authenticating agent duly appointed by the board or its authorized designee.

15146. (a) The bonds shall be issued and sold pursuant to Section 15140, payable out of the interest and sinking fund of the district. The governing board may sell the bonds at a negotiated sale or by competitive bidding.

(b) Prior to the sale, the governing board shall adopt a resolution, as an agenda item at a public meeting, that includes all of the following:

(1) Express approval of the method of sale. Negotiated or Competitive

(2) Statement of the reasons for the method of sale selected.

(3) Disclosure of the identity of the bond counsel, and the identities of the bond underwriter and the financial adviser if either or both are utilized for the sale, unless these individuals have not been selected at the time the resolution is adopted, in which case the governing board shall disclose their identities at the public meeting occurring after they have been selected.

(4) Estimates of the costs associated with the bond issuance.

(c) After the sale, the governing board shall do both of the following:

(1) Present the actual cost information for the sale at its next scheduled public meeting.

(2) Submit an itemized summary of the costs of the bond sale to the California Debt and Investment Advisory Commission.

(d) The governing board shall ensure that all necessary information and reports regarding the sale or planned sale of bonds by the school district it governs are submitted to the California Debt and Investment Advisory Commission in compliance with Section 8855 of the Government Code.

(e) The bonds may be sold at a discount not to exceed 5 percent and at an interest rate not to exceed the maximum rate permitted by law. If the sale is by competitive bid, the governing board shall comply with Sections 15147 and 15148. The bonds shall be sold by the governing board no later than the date designated by the governing board as the final date for the sale of the bonds.

(f) The proceeds of the sale of the bonds, exclusive of any premium received, shall be deposited in the county treasury to the credit of the building fund of the school district, or community college district as designated by the California Community Colleges Budget and Accounting Manual. The proceeds deposited shall be drawn out as other school moneys are drawn out. The bond proceeds withdrawn shall not be applied to any other purposes than those for which the bonds were issued. Any premium or accrued interest received from the sale of the bonds shall be deposited in the interest and sinking fund of the district.

(g) The governing board may cause to be deposited proceeds of sale of any series of the bonds in an amount not exceeding 2 percent of the principal amount of the bonds in a costs of issuance account, which may be created in the county treasury or held by a fiscal agent appointed by the district for this purpose, separate from the building fund and the interest and sinking fund of the district. The proceeds deposited shall be drawn out on the order of the governing board or an officer of the district duly authorized by the governing board to make the order, only to pay authorized costs of issuance of the bonds. Upon the order of the governing board or duly authorized officer, the remaining balance shall be transferred to the county treasury to the credit of the building fund of the school district or community college district. The deposit of bond proceeds pursuant to this subdivision shall be a proper charge against the building fund of the district.

(h) The governing board may cause to be deposited proceeds of sale of any series of the bonds in the interest and sinking fund of the district in the amount of the annual reserve permitted by Section

15250 or in any lesser amount, as the governing board shall determine from time to time. The deposit of bond proceeds pursuant to this subdivision shall be a proper charge against the building fund of the district.

(i) The governing board may cause to be deposited proceeds of sale of any series of the bonds in the interest and sinking fund of the district in the amount not exceeding the interest scheduled to become due on that series of bonds for a period of two years from the date of issuance of that series of bonds. The deposit of bonds proceeds pursuant to this subdivision shall be a proper charge against the building fund of the district.

15147. Before selling the bonds, or any part of them, the board of supervisors or community college district, as appropriate, shall give notice as required by Section 53692 of the Government Code.

15148. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder or bidders, and the clerk of the board of supervisors shall prepare and certify to all of the proceedings on file in his or her office relative to the issuance and sale of the bonds, which transcript of proceedings shall be delivered to the successful bidder or bidders without charge. If no bids are received, or if the board determines that the bids received exceed either the maximum acceptable interest rate prescribed by the governing board or the maximum rate prescribed by Section 15143, or that they are not satisfactory as to price or responsibility of the bidders, the board may reject all bids received, if any, and without further authorization from the governing board, either readvertise or sell the bonds at private sale.

For the purpose of determining whether or not a bid exceeds the maximum acceptable interest rate, the interest rate of that bid shall be deemed to be the interest rate resulting from the total net interest cost arrived at by computing the total amount of interest which the district would be required to pay from the date of the bonds to the respective maturity dates thereof at the rate or rates specified in the bid and by deducting therefrom any premium bid.

15149. The issuing school district or community college district by action of its governing board may prepare, or have prepared, bond brochures to serve as a prospectus for bond buyers to assist in the satisfactory sale of the bonds, the expense of the brochures to be payable out of the funds of the district. The brochures may be prepared only after the issuance of the bonds to be sold has been approved by the electors of the district pursuant to Sections 15120 to 15126, inclusive.

The issuing school district or community college district by action of its governing board may expend district funds for the purposes of advertising the availability of the bonds for purchase in any publication or newspaper which in the opinion of the governing board will give notice to prospective bond buyers that the bonds are available for purchase by bond buyers.

15150. (a) When the governing board of a school district or a community college district deems it in the best interests of the district, it may by resolution, upon such terms and conditions as it shall prescribe, issue notes, on a negotiated or competitive-bid basis, maturing within a period not to exceed five years, in anticipation of the sale of bonds authorized pursuant to Section 15100 or Section 15340 at the time the notes are issued. The proceeds from the sale of the notes shall be used only for authorized purposes of the bonds or to repay outstanding notes authorized by this section. **Bond Anticipation Notes**

(b) All notes issued and any renewal thereof shall be payable at a fixed time not more than five years from the date of the original issuance of the note. If the sale of the bonds does not occur prior to the maturity of the notes issued in anticipation of the sale, the fiscal officer of the school district or community college district, in order to meet the notes then maturing, shall issue renewal notes for this purpose. The renewal of a note may not be issued after the sale of bonds in anticipation of which the original note was issued and the maturity date of the renewed note shall not be later than five years from the date of the original issuance of the note.

(c) Every note and any renewal thereof shall be payable from the proceeds of the sale of bonds or of any renewal of notes or from other funds of the school district or community college district lawfully available for the purpose of repaying the notes, including state grants. The total amount of the notes or renewals thereof issued and outstanding may not at any time exceed the total amount of the unsold bonds.

(d) Interest on the notes shall be payable from proceeds of the sale of bonds, or from the tax lawfully levied to pay principal of and interest on the bonds.

(e) The original issuance of notes and any renewal thereof may be in the form of commercial paper notes. Each issuance of commercial paper notes to repay outstanding notes shall be deemed to be a renewal of notes subject only to the requirements of this section.