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GOVERNMENT CODE - GOV

TITLE 1. GENERAL [100 - 7931.000] (Title 1 enacted by Stats. 1943, Ch. 134.)

DIVISION 3.6. CLAIMS AND ACTIONS AGAINST PUBLIC ENTITIES AND PUBLIC EMPLOYEES [810 - 998.3] (Division 3.6 added by Stats. 1963, Ch. 1681.)

PART 5. PAYMENT OF CLAIMS AND JUDGMENTS [965 - 985] (Part 5 added by Stats. 1963, Ch. 1715.)

CHAPTER 2. Payment of Judgments Against Local Public Entities [970 - 978.8] (Heading of Chapter 2 amended by Stats. 1975, Ch. 285.)

ARTICLE 2. Funding Judgments With Bonds [975 - 978.8] (Article 2 added by Stats. 1963, Ch. 1715.)

975. As used in this article:

(a) "Board" means the governing body of a local taxing entity.

(b) "Local taxing entity" means a local public entity that has the power to levy ad valorem taxes, or ad valorem assessments, upon property within the territory of the entity.

(Added by Stats. 1963, Ch. 1715.)

975.2. Whenever the board deems it necessary for the local taxing entity to incur a bonded indebtedness to fund all or any portion of an outstanding judgment against the entity, it shall by resolution state:

(a) The necessity for the indebtedness.

(b) The purpose for which the proposed debt is to be incurred.

(c) The amount of the proposed debt.

(d) The time and place for a hearing by the board on the question whether the local taxing entity should incur a bonded indebtedness to fund all or any portion of an outstanding judgment against the entity.

(Added by Stats. 1963, Ch. 1715.)

975.4. Notice of the hearing shall be given by publication of a copy of the resolution pursuant to Section 6066 in a newspaper of general circulation circulated within the local taxing entity. If there is no such newspaper, the resolution shall be posted in three public places in the local taxing entity for two succeeding weeks. No other notice of the hearing need be given.

(Added by Stats. 1963, Ch. 1715.)

975.6. The copy of the resolution published or posted shall be accompanied by a notice subscribed by the clerk or secretary of the local taxing entity that:

(a) The hearing referred to in the resolution will be had at the time and place specified in the resolution.

(b) At that time and place, any person interested, including persons owning property within the local taxing entity, will be heard upon the question stated in the resolution.

(Added by Stats. 1963, Ch. 1715.)

975.8. At the time and place fixed for the hearing on the resolution or at any time and place to which the hearing is adjourned, the board shall proceed with the hearing. Any person interested, including persons owning property within the local taxing entity, may appear and present any matters material to the question set forth in the resolution. Thereafter, the board shall determine whether it is necessary to incur the bonded indebtedness. The board's determination on the question of necessity is conclusive.

(Added by Stats. 1963, Ch. 1715.)

976. After the board has made its determination pursuant to Section 975.8, if it deems it necessary to incur the bonded indebtedness, it shall by resolution state:

- (a) That it deems it necessary to incur the bonded indebtedness.
- (b) The purpose for which the bonded indebtedness will be incurred.
- (c) The amount of the debt to be incurred, which amount may include legal and other fees and costs incidental to or connected with the authorization, issuance and sale of the bonds, including but not limited to the costs of printing the bonds.
- (d) The maximum term the bonds to be issued shall run before maturity, which term shall not exceed 40 years.
- (e) The annual rate of interest to be paid, which rate shall not exceed 7 percent, payable annually or semiannually, or in part annually and in part semiannually.
- (f) The proposition to be submitted to the voters.
- (g) The date of the special election of the local taxing entity (which may be consolidated with any other election of the local taxing entity) at which such proposition shall be submitted to the voters; the manner of holding the election and the procedure for voting for or against the proposition.

(Added by Stats. 1963, Ch. 1715.)

976.2. The resolution made pursuant to Section 976 shall constitute the notice of such election and such resolution shall be published pursuant to Section 6066 in a newspaper of general circulation circulated within the local taxing entity. If there is no such newspaper, the resolution shall be posted in three public places in the local taxing entity for two succeeding weeks. No other notice of the election need be given.

(Added by Stats. 1963, Ch. 1715.)

976.4. The board shall provide for holding the election in the same manner as provided by law in respect to general elections of the local taxing entity so far as applicable, except as otherwise provided in this article.

(Added by Stats. 1963, Ch. 1715.)

976.6. Every elector authorized to vote in general elections of the local taxing entity may vote on the proposition to authorize the bonds.

(Added by Stats. 1963, Ch. 1715.)

976.8. If two-thirds or more of the votes cast upon the proposition at the election are in favor of incurring the bonded indebtedness, the board may issue the bonds at the time or times it deems proper.

(Added by Stats. 1963, Ch. 1715.)

977. The board shall prescribe the form of the bonds. The bonds may be issued in denominations not to exceed one thousand dollars (\$1,000) and not less than one hundred dollars (\$100). The board shall fix, and designate in the bonds, a time and place for payment of the bonds.

(Added by Stats. 1963, Ch. 1715.)

977.2. The board may provide for the redemption of bonds issued under this article before maturity at prices determined by it. A bond shall not be subject to call or redemption prior to maturity unless it contains a recital to that effect. Notice of redemption shall be published at such time and in such manner as the board may provide in the resolution providing for the issuance of the bonds.

(Added by Stats. 1963, Ch. 1715.)

977.4. The bonds shall be signed by the presiding officer of the board and countersigned by the clerk or secretary of the local taxing entity, and the coupons shall be signed by the clerk or secretary. All signatures except that of the clerk or secretary on the bonds may be printed, lithographed or engraved. If any officer whose signature appears on the bonds or coupons ceases to be such officer before the delivery of the bonds, his signature is as effective as if he had remained in office.

(Added by Stats. 1963, Ch. 1715.)

977.6. The local taxing entity may sell the bonds at the times or in the manner the board deems to be to the public interest. The bonds shall be sold on sealed proposals to the highest bidder after advertising for bids by publication of notice of sale pursuant to Section 6061, not less than 10 days prior to the date of sale, in a newspaper of general circulation circulating in the local taxing entity. If there is no such newspaper, the notice of sale shall be posted in three places in the local public entity for two succeeding weeks ending not less than 10 days prior to the date of sale. If satisfactory bids are received, the bonds offered for sale shall be

awarded to the highest responsible bidder. If no bids are received or if the board determines that the bids received are not satisfactory as to price or responsibility of the bidders, the board may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

(Added by Stats. 1963, Ch. 1715.)

977.8. An action to determine the validity of bonds may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(Added by Stats. 1963, Ch. 1715.)

978. Any bonds issued by any local taxing entity under the provisions of this article have the same force, value and use as bonds issued by any municipality and are exempt from all taxation within the State.

Such bonds are legal investments for all trust funds, for the funds of all insurance companies, banks (both commercial and savings) and trust companies, for the state school funds, and for any funds which may be invested in bonds of cities, counties, school districts, or municipalities in the State.

(Added by Stats. 1963, Ch. 1715.)

978.2. Bonds issued under this article constitute general obligations of the local taxing entity for the payment of both principal and interest of which all property in the local taxing entity subject to ad valorem taxation by the local taxing entity or subject to ad valorem assessment by the local taxing entity shall be taxed or assessed without limitation of rate or amount.

The board shall, at the time and in the manner provided by law for levying taxes or assessments, fix an ad valorem rate of tax or assessment sufficient to pay the principal of and interest on all bonds issued under this article as they become due. Such ad valorem taxes or assessments shall be in addition to all other taxes or assessments levied by the local taxing entity, and when collected shall be used for no purpose other than the payment of such bonds and the interest thereon.

Nothing in this section shall be construed to prohibit the use of other revenues of the local taxing entity for the payment of principal and interest on bonds issued under this article.

(Added by Stats. 1963, Ch. 1715.)

978.4. The proceeds from the sale of bonds issued pursuant to this article shall not be used for any purpose other than the purpose stated in the resolution authorizing the issuance of the bonds.

(Added by Stats. 1963, Ch. 1715.)

978.6. The board may by resolution adopted by two-thirds vote of all its members declare that no part of a described bond issue authorized under this article which remains unsold shall be issued or sold. When the resolution takes effect, the bonds described in the resolution which remain unsold are voided.

(Added by Stats. 1963, Ch. 1715.)

978.8. The authority provided in this article is in addition and supplementary to any other law authorizing public entities to issue bonds to fund an outstanding indebtedness.

(Added by Stats. 1963, Ch. 1715.)