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**GOVERNMENT CODE - GOV**

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

**DIVISION 6. PUBLIC BONDS AND OBLIGATIONS [5000 - 5979]** ( Division 6 enacted by Stats. 1943, Ch. 134. )

**CHAPTER 10.5. General Bond Provisions [5850 - 5854]** ( Chapter 10.5 added by Stats. 1988, Ch. 1055, Sec. 3. )

**5850.** As used in this chapter:

(a) "Bonds" means any bonds, notes, certificates of indebtedness or other evidences of indebtedness issued after January 1, 1989, by a public body which is authorized to issue bonds, notes, certificates of indebtedness or other evidence of indebtedness.

(b) "Public body" means the county, city, city and county, public district, public authority, public corporation, nonprofit corporation or other statutorily constituted public entity which is authorized to issue bonds.

(c) "Governing body" means the governing board, commission, city council, board of supervisors, board of directors or similar multimember body which exercises authority over a public body.

(Added by Stats. 1988, Ch. 1055, Sec. 3.)

**5851.** Notwithstanding any other provision of law specifying that interest on bonds is payable semiannually, interest on bonds is payable at the times established in the resolution, indenture, agreement or other instrument providing for the issuance of the bonds.

(Added by Stats. 1988, Ch. 1055, Sec. 3.)

**5852.** Notwithstanding any other provision of law specifying that bonds shall be issued pursuant to a resolution of a governing body of a public body, a governing body of a public body may authorize the issuance of bonds pursuant to a resolution, indenture, agreement or other instrument providing for the issuance of bonds.

(Added by Stats. 1988, Ch. 1055, Sec. 3.)

**5852.1.** (a) (1) Prior to authorization of the issuance of bonds with a term greater than 13 months pursuant to this chapter, the governing body of a public body shall obtain and disclose all of the following information in a meeting open to the public:

(A) The true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds.

(B) The finance charge of the bonds, which means the sum of all fees and charges paid to third parties.

(C) The amount of proceeds received by the public body for sale of the bonds less the finance charge of the bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the bonds.

(D) The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the bonds plus the finance charge of the bonds described in subparagraph (B) not paid with the proceeds of the bonds. The total payment amount shall be calculated to the final maturity of the bonds.

(2) The information in paragraph (1) shall be obtained as follows:

(A) As a good faith estimate from an underwriter, financial adviser, or private lender.

(B) From a third-party borrower pursuant to subdivision (b).

(b) (1) If the public body issuing bonds is a conduit financing provider, as defined in subdivision (b) of Section 5870, issuing bonds on behalf of a third-party borrower, the information in paragraph (1) of subdivision (a) shall be presented to the third-party borrower as a good faith estimate by an underwriter, financial adviser, or private lender engaged by the third-party borrower.

(2) If the third-party borrower has a governing board, the information shall be presented to the governing board or the official or officials or committee designated by the governing board to obligate the third-party borrower in connection with the financing. If the third-party borrower does not have a governing board, the information shall be presented to the official or officials of the third-party borrower who has the authority to obligate the third-party borrower in connection with the financing.

(3) The third-party borrower shall provide the information received pursuant to this subdivision to the public body prior to the disclosure of the information as required pursuant to subdivision (a).

(c) The requirements of this section shall not apply to any public body that is a state entity. For purposes of this subdivision, "state entity" means any agency, department, bureau, board, or commission of any kind.

(d) This section, including the failure to comply with the requirements of this section, shall not affect the validity of the bonds or the authorization of the bonds by the public body.

*(Added by Stats. 2017, Ch. 625, Sec. 1. (SB 450) Effective January 1, 2018.)*

**5853.** The general authority provided in this chapter is intended to be in addition to, and not limited by, specific provisions authorizing the issuance of bonds, notes or other evidences of indebtedness and is separate and complete authority for the actions authorized in this chapter.

*(Added by Stats. 1988, Ch. 1055, Sec. 3.)*

**5854.** Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

*(Added by Stats. 1997, Ch. 38, Sec. 3. Effective July 1, 1997.)*