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## GOVERNMENT CODE - GOV

**TITLE 11. CALIFORNIA PASSENGER RAIL FINANCING COMMISSION ACT [92000 - 92354]** ( Title 11 added by Stats. 1982, Ch. 1553, Sec. 2. )

### CHAPTER 5. Bonds and Notes [92250 - 92270] ( Chapter 5 added by Stats. 1982, Ch. 1553, Sec. 2. )

**92250.** The commission may incur indebtedness and issue securities of any kind or class, and renew them, if all indebtedness is payable solely from revenues of the commission.

(Added by Stats. 1982, Ch. 1553, Sec. 2.)

**92251.** (a) At times that the commission desires to issue bonds, as defined in Section 92252, it shall adopt a resolution specifying the total amount of bonds proposed to be issued.

(b) The maximum aggregate principal amount of bonds that may be issued under the authority of this title is one billion two hundred fifty million dollars (\$1,250,000,000) plus the amount of any indebtedness authorized by Section 92270.

(c) The limitation in subdivision (b) does not apply to bonds or other evidence of indebtedness, including bond anticipation notes and commercial paper, issued to refund bonds, bond anticipation notes, or commercial paper.

(Amended by Stats. 2006, Ch. 538, Sec. 338. Effective January 1, 2007.)

**92252.** The commission may, from time to time, issue its negotiable bonds, notes, debentures, or other securities, collectively called "bonds" for any corporate purpose.

The bonds may be authorized, without limiting the generality of the foregoing, to finance a single project for a single participating party, a series of projects for a single participating party, a single project for several participating parties, or several projects for several participating parties.

(Added by Stats. 1982, Ch. 1553, Sec. 2.)

**92253.** In anticipation of the sale of the bonds as authorized by Section 92250, or as may be authorized pursuant to Section 92251, the commission may issue, may renew from time to time, negotiable bond anticipation notes or commercial paper. The bond anticipation notes and commercial paper may be paid from the proceeds of sale of the bonds of the commission in anticipation of which they were issued.

Notes and agreements relating thereto and bond anticipation notes and commercial paper, collectively called "notes," and the resolution authorizing the notes or commercial paper, may contain any provisions, conditions, or limitations which a bond, an agreement relating thereto, and a bond resolution of the commission may contain, except that the notes and commercial paper, and renewals thereof, shall mature at a time not exceeding three years from the date of issue of the original notes or commercial paper.

(Added by Stats. 1982, Ch. 1553, Sec. 2.)

**92254.** Except as may be otherwise expressly provided by the commission, every issue of its bonds, notes, or other obligation shall be general obligations of the commission payable from any revenues or money of the commission available therefor and not otherwise pledged, subject only to any agreement with the holders of particular bonds, notes, or other obligations pledging any particular revenues or money and subject to any agreement with any participating party.

Notwithstanding that the bonds, notes, or other obligations may be payable from a special fund, they shall be, and be deemed to be, for all purposes negotiable instruments, subject only to the provisions of the bonds, notes, or other obligations for registration.

(Added by Stats. 1982, Ch. 1553, Sec. 2.)

**92255.** (a) The bonds may be issued as serial bonds or as term bonds, or the commission, in its discretion, may issue bonds of both types.

(b) The bonds shall be authorized by resolution of the commission and shall bear the date or dates, mature at the time or times, not exceeding 50 years from their respective dates, bear interest at the rate or rates, 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 the terms of redemption, as the resolution or resolutions may provide.

(c) The bonds or notes shall be sold by the Treasurer within 60 days of receipt of a certified copy of the commission's resolution authorizing the sale of the bonds, except that the commission, at its discretion, may adopt a resolution extending the 60-day period. The sales may be at public or private sale, and for the price or prices and on the terms and conditions, as the commission shall determine after giving due consideration to the recommendations of any participating party to be assisted from the proceeds of the bonds or notes.

(d) Pending preparation of the definitive bonds, the Treasurer may issue interim receipts, certificates, or temporary bonds which shall be exchanged for the definitive bonds. The Treasurer may sell any bonds, notes, or other evidence of indebtedness at a price or prices below the par value thereof without any limitation on price or prices.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92256.** Any resolution or resolutions authorizing any bonds, or any issue of bonds, may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to the following:

(a) Pledging the full faith and credit of the commission or pledging all or any part of the revenues of any project or any revenue-producing contract or contracts made by the commission with any individual, partnership, corporation, or association or other body, public or private, or other money of the commission, to secure the payment of the bonds or of any particular issue of bonds, subject to any agreement with bondholders that may then exist.

(b) The rentals, fees, purchase payments, and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues.

(c) The setting aside of reserves or sinking funds, and the regulation and disposition thereof.

(d) Limitations on the right of the commission or its agent to regulate the use of the project or projects to be financed out of the proceeds of the bonds or any particular issue of bonds.

(e) Limitations on the purpose to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied, and pledging the proceeds to secure the payment of the bonds or any issue of the bonds.

(f) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds.

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds that the holders who are required to consent thereto, and the manner in which the consent may be given.

(h) Limitations on expenditures for operating, administrative, or other expenses of the commission.

(i) Defining the acts or omissions to act which constitute a default in the duties of the commission to holders of its obligations, and providing the rights and remedies of the holders in the event of a default.

(j) The mortgaging of any project, or any part thereof, for the purpose of securing the bondholders.

(k) The mortgaging of land, improvements, or other assets owned by a participating party for the purpose of securing the bondholders.

(l) Procedures for the selection of projects to be financed with the proceeds of the bonds authorized by the resolution, if the bonds are to be sold in advance of the designation of the projects, and participating parties to receive the financing.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92257.** Neither the members of the commission, nor any person executing the bonds or notes shall be liable personally on the bonds or notes, or be subject to any personal liability or accountability by reason of the issuance thereof.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92258.** The commission may, from any funds available therefor, purchase its bonds or notes. The commission may hold, pledge, cancel, or resell the bonds, subject to and in accordance with agreements with the bondholders.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92259.** (a) All bonds, notes, and commercial paper issued by the commission under this chapter shall be issued only after a public hearing on the issuance thereof has been held at the offices of the commission in Sacramento, California, not less than 14 days following the date of publication of a notice of the hearing in a financial publication generally circulated throughout the state and in a newspaper of general circulation published within each county in which is located any portion of the project to be financed with the bonds, notes or commercial paper.

(b) The notice shall include the date, time and place of the hearing, the principal amount of bonds, notes, or commercial paper which may be issued, and a brief description of the project to be financed with the proceeds thereof, including its location and routing.

(c) In addition, no bonds, notes, or commercial paper shall be issued by the commission, unless approved for issuance following the hearing by a majority of the commission and by the Treasurer.

(d) Any or all of the requirements of this section may be waived by the commission, upon the request of a participating party, if the requirement to be waived is not necessary to qualify interest on the bonds, notes, or commercial paper for exemption from federal income taxes.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92260.** (a) At the discretion of the commission, any bonds issued under this title may be secured by a trust agreement by and between the commission and a trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92261.** (a) The trust agreement or the resolution providing for the issuance of the bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged and may convey or mortgage the project or projects, or any portion thereof, to be financed out of the proceeds of the bonds. The trust agreement or resolution providing for the issuance of the bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including particularly provisions specifically authorized to be included in any resolution of the commission authorizing bonds thereof.

(b) Any bank or trust company doing business under the laws of this state which may act as depository of the proceeds of bonds or of revenues or other moneys may furnish indemnifying bonds or pledge securities as may be required by the commission.

(c) Any trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition, any trust agreement or resolution may contain other provisions that the commission may deem reasonable and proper for the security of the bondholders.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92262.** Notwithstanding any other provision of law, the Treasurer shall not be deemed to have a conflict of interest by reason of acting as trustee pursuant to this title.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92263.** All expenses incurred in carrying out the provisions of the trust agreement or resolution may be treated as a part of the cost of the operation of a project.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92264.** Bonds issued under this title shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the commission, or a pledge of the faith and credit of the state or of any such political subdivision, other than the commission, but shall be payable solely from the funds herein provided therefor. All the bonds shall contain on the face thereof a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any local agency is pledged to the payment of the principal of or interest on this bond."

The issuance of bonds under this title shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy, or to pledge any form of, taxation therefor or to make any appropriation for their payment.

Nothing in this section shall prevent, or be construed to prevent, the commission from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this title.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92265.** (a) The commission may provide for the issuance of bonds of the commission for the purpose of refunding any bond, notes, or other securities of the commission then outstanding, including the payment of any redemption premium thereon and any interest

accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of the bonds and, if deemed advisable by the commission, for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions, or enlargements of a project or any portion thereof.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92266.** (a) The proceeds of any bonds issued for the purpose of refunding outstanding bonds, notes, or other securities may, in the discretion of the commission, be applied to the purchase or retirement at maturity or redemption of outstanding bonds either on their earliest or any subsequent redemption date or upon the purchase or retirement at the maturity thereof and may, pending such application, be placed in escrow to be applied to the purchase or retirement at maturity or redemption on the date as may be determined by the commission.

(b) Pending that use, the escrowed proceeds may be invested and reinvested by the Treasurer in obligations of, or guaranteed by, the United States of America, or in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the United States of America, maturing at time or times appropriate to assure the prompt payment, as to principal, interest, and redemption premium, if any, of the outstanding bonds to be so refunded. The interest, income, and profits, if any, earned or realized on the investment may also be applied to the payment of the outstanding bonds to be so refunded. 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 investments thereof may be returned to the commission for use by it in any lawful manner.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92267.** The proceeds of any bonds issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions, or enlargements of a project may be invested and reinvested by the Treasurer in obligations of, or guaranteed by, the United States of America, or in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the United States of America, maturing not later than the time or times when the proceeds will be needed for the purpose of paying all or any part of the cost. The interest, income, and profits, if any, earned or realized on the investment may be applied to the payment of all or any part of the cost or may be used by the commission in any lawful manner.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92268.** Bonds issued pursuant to Section 92265 are subject to this title in the same manner and to the same extent as other bonds issued pursuant to this title.

*(Amended by Stats. 2006, Ch. 538, Sec. 339. Effective January 1, 2007.)*

**92269.** If, in the opinion of the Treasurer, any bonds issued by the commission under this title are adequately secured and the revenues and other funds applicable to the payments of the bonds are, or upon the acquisition, construction, or improvement of the project or projects which the bonds finance, will be sufficient to pay the principal of and interest on the bonds, the Treasurer shall certify that the bonds are legal investments for all trust funds, the funds of all insurance companies, banks (both commercial and savings), trust companies, savings and loan associations, and investment companies, for executors, administrators, guardians, conservators, trustees, and other fiduciaries, for state school funds, and for any funds which may be invested in county, municipal, or school district bonds, and that the bonds are securities which may properly and legally be deposited with, and received by, any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now, or may hereafter be, authorized by law, including deposits to secure public funds.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*

**92270.** No liability shall be incurred by the commission in excess of the amount of money which has been provided under this title, except that, for the purposes of meeting the necessary expenses of initial organization and operation until such date that the commission derives revenues or proceeds from bonds or notes as provided under this title, the commission may borrow money as needed for those expenses from private sources.

The borrowed money shall be repaid with interest within a reasonable time after the commission receives revenues or proceeds from bonds or notes as provided under this title.

*(Added by Stats. 1982, Ch. 1553, Sec. 2.)*