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TITLE 17. CALIFORNIA FISCAL RECOVERY FINANCING ACT [99000 - 99047] (Title 17 added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2.)

CHAPTER 4. Bond Provisions [99011 - 99016] (Chapter 4 added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2.)

99011. (a) The authority, at any time or from time to time, upon the request of the Director of Finance, may issue bonds for the purposes set forth in subdivision (b) of Section 99005. Each issue of bonds may be in an amount sufficient to provide for the funding of all or a portion of the accumulated budget deficit, for funding any necessary reserves and capitalized interest, for obtaining or entering into any ancillary obligations deemed necessary or desirable by the authority, for paying costs of issuance of the bonds as approved by the Director of Finance, or for refunding any bonds previously issued by the authority.

(b) Bonds issued pursuant to this title, and any ancillary obligations entered into with respect to those bonds, are not a debt or liability of the state or of any political subdivision thereof or a pledge of the full faith and credit of the state or of any political subdivision thereof, and shall be payable by the authority solely from available revenues. Notwithstanding any other provision of law, the Legislature is not obligated to appropriate special sales tax revenues or any other funds or otherwise make any other funds available to pay debt service on the bonds or to pay ancillary obligations issued or entered into pursuant to this title. All bonds shall contain on the face thereof a statement to the effect that the bonds are a special obligation of the authority payable solely from available revenues, including moneys deposited in the Fiscal Recovery Fund, if and to the extent appropriated in each fiscal year for that purpose by the Legislature; that the Legislature is not obligated to make such an appropriation or to provide any other funds for the repayment of the bonds; that neither the state nor any political subdivision thereof, except the authority to the extent provided in this subdivision, is obligated to pay the bonds or the interest thereon; that neither the full faith and credit nor the taxing power of the state or any political subdivision thereof is pledged to the payment of the principal of or interest on the bonds; and that the authority has no taxing power.

(c) (1) On request of the Director of Finance, the authority may issue bond anticipation notes, payable within a period not to exceed two years, from the proceeds of the sale of bonds or from available revenues, or both, as provided in the indenture pertaining to the bond anticipation notes.

(2) Notwithstanding paragraph (1), if bonds that are not bond anticipation notes have not been issued at the maturity date of an issue of bond anticipation notes, the authority may renew those notes from time-to-time, provided the final maturity date of any such renewal notes shall not be later than six years from the date of initial issuance of a series of bond anticipation notes. The authority may not renew any bond anticipation notes after issuance of bonds in an amount sufficient to refund those notes.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)

99012. (a) The indenture may provide any or all of the following for the bonds:

- (1) The form of the bonds, which may 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 registration privileges of the bonds.

(7) The manner of execution of the bonds.

(8) The place or places the bonds are payable, which may include one or more paying agents within or outside of the state.

(9) The terms of redemption, tender, or purchase of the bonds.

(10) The establishment of funds and accounts to be held by a trustee to provide for payment or security for the bonds or ancillary obligations or related costs.

(11) Any other terms and conditions deemed necessary by the authority.

(b) Pursuant to Section 5702, the Treasurer shall serve as agent for the offer and sale of the bonds. The bonds may be sold at either a competitive or negotiated sale, at the time or times, at a premium or a discount, or with neither, and with all other terms and conditions that the Treasurer, in his or her capacity as agent for sale of state bonds, shall determine.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)

99013. The proceeds of the bonds, exclusive of amounts required to be held by the authority for reserves, capitalized interest, or costs of issuance and ancillary obligations, as authorized by subdivision (a) of Section 99011, shall be deposited in the General Fund to fund all or a portion of the accumulated budget deficit, or shall be used to refund bonds previously issued pursuant to this title.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)

99014. (a) At the discretion of the authority, any bonds issued pursuant to this title may be secured by an indenture by and between the authority and a trustee. The indenture may contain any provision to protect and enforce the rights and remedies of the bond owners that is reasonable and proper and not in violation of law. The indenture may set forth the rights and remedies of the bond owners and of the trustee or trustees and may restrict the individual right of action by bond owners.

(b) Any trust funds or accounts created by the indenture may be held outside the State Treasury. Available revenues deposited in a trust fund or account held outside the State Treasury are hereby pledged to secure the bonds and ancillary obligations, subject to application for the purposes and pursuant to the terms set forth in the indenture. The available revenues so pledged shall immediately be subject to the lien of the pledge without filing, physical delivery, or other act, and the lien of the pledge shall be superior to all other claims and liens of any kind whatsoever.

(c) In addition to the requirements of subdivisions (a) and (b), any indenture described in this section may contain any other provisions the authority may deem reasonable and proper for the security of the bond owners.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)

99015. (a) The authority may provide for the issuance of bonds any portion of which is to be used for the purpose of refunding outstanding bonds, including the payment of the principal thereof and interest and redemption premiums, if any, thereon. The proceeds of bonds issued to refund any outstanding bonds may be applied to the retirement of those outstanding bonds at maturity, or the redemption, on any redemption date, or purchase of the outstanding bonds prior to maturity, upon the terms and subject to the conditions the authority shall deem advisable.

(b) Notwithstanding any other provision of this title, the authority may not issue refunding bonds with a final maturity date later than the final maturity date of the series of bonds being refunded, unless the Legislature has adopted legislation by a two-thirds vote of each house, extending the imposition of a special sales tax or taxes to provide for payment of the refunding bonds. This subdivision shall not apply to bonds issued to refund bond anticipation notes issued pursuant to subdivision (c) of Section 99011.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)

99016. The exercise of the powers granted by this title shall be in all respects for the benefit of the people of the state. Any and all bonds issued by the authority, their transfer, and the income therefrom, shall at all times be free from taxation of every kind by the state and by all political subdivisions of the state.

(Added by Stats. 2003, 1st Ex. Sess., Ch. 13, Sec. 2. Effective October 28, 2003.)