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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 3. EXECUTIVE DEPARTMENT [11000 - 15990.3] (Division 3 added by Stats. 1945, Ch. 111.)

PART 10b. STATE BUILDING CONSTRUCTION [15800 - 15849.7] (Part 10b added by Stats. 1955, Ch. 1686.)

CHAPTER 5. Revenue Bonds [15830 - 15843] (Chapter 5 added by Stats. 1955, Ch. 1686.)

15830. (a) The bonds issued to finance the construction of a public building or buildings pursuant to this part shall be special obligations of this state secured solely by the revenues, rentals, or receipts received from the operation of the public building or buildings financed by these bonds.

(b) A bond issued or sold pursuant to this part shall not be or become a lien, charge, or liability against the State of California or against its property or funds except to the extent of the pledges expressly made by this part. Every bond issued pursuant to this part shall contain a recital on the face thereof stating that neither the payment of the principal nor any part thereof, nor any interest thereon, constitutes a debt, liability, or general obligation of the State of California other than as provided in this part. The board has no power at any time or in any manner to pledge the credit or taxing power of the state, other than as provided in this part.

(Amended by Stats. 2018, Ch. 92, Sec. 101. (SB 1289) Effective January 1, 2019.)

15831. (a) All bonds issued under this part shall bear the facsimile signature of the Governor and the facsimile countersignature of the Controller and the Treasurer, and the bonds shall be signed, countersigned, and endorsed by the officers who shall be in office on the date of issuance thereof, and each of the bonds shall bear an impress of the Great Seal of the State of California. The bonds so signed, countersigned, endorsed, and sealed, when sold, are valid although the sale thereof be made at a date or dates upon which the officers having signed, countersigned, and endorsed the bonds, or any or either of the officers, shall have ceased to be the incumbents of the offices held by them at the time of signing, countersigning, or endorsing the bonds. Each bond issued under this part, if subject to call or redemption before maturity, shall contain a recital to that effect.

(b) The rate of interest to be borne by the bonds need not be uniform for all bonds of the same issue or series or maturity and a "not to exceed" interest rate may be determined and fixed by the board by resolution adopted before or after the sale of the bonds. The Treasurer, when authorized by resolution of the board, may sell bonds above, below, or at their par or face value.

(Amended by Stats. 2018, Ch. 92, Sec. 102. (SB 1289) Effective January 1, 2019.)

15832. (a) Upon receipt of a resolution of the board authorizing the issuance of bonds, the Treasurer shall provide for their preparation in accordance with the resolution. The bonds authorized to be issued shall be sold by the Treasurer, at public sale or at private sale, as directed by the board. In the case of public sale, both of the following apply:

(1) The bonds shall be sold by the Treasurer, at such time as may be fixed by him or her, and upon such notice as he or she may deem advisable, upon bids submitted to the Treasurer in the form and by the means specified by the Treasurer, to the bidder whose bid will result in the lowest interest cost on account of such bonds.

(2) If no bids are received, or if the Treasurer determines that the bids are not satisfactory, the Treasurer may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

(b) For purposes of this chapter, the method for determining the lowest interest cost bid shall be determined by the Treasurer and shall be limited to either the net interest cost method or the true interest cost method determined by the bids as submitted in accordance with the notice of sale. The net interest cost of each bid shall be determined by ascertaining the total amount of interest that the state would be required to pay under that bid, from the date of the bonds to the respective maturity dates of the bonds then offered for sale, at the interest rate or rates specified in the bid, less the total amount of the premium, if any, or plus the total amount of the discount, if any, offered by the bid. The bid under which the amount ascertained is the least shall be deemed to be the bid resulting in the lowest net interest cost. Under the true interest cost method, the bonds shall be awarded to the bidder submitting the

lowest interest rate bid determined by the nominal interest rate that, when compounded semiannually and used to discount the debt service payments on the bonds to the date of the bonds, results in an amount equal to the price bid for the bonds, excluding interest accrued to the date of delivery.

(c) Temporary or interim bonds, certificates, or receipts of any denomination whatever, to be signed by the Treasurer, may be issued and delivered until the definitive bonds are executed and available for delivery. Signature of the Treasurer may be by signature stamp.

(Amended by Stats. 2018, Ch. 92, Sec. 103. (SB 1289) Effective January 1, 2019.)

15832.5. The board is authorized from time to time to issue its negotiable notes, including commercial paper notes or other forms of negotiable short-term indebtedness, or may in anticipation of the sale of bonds issue its negotiable bond anticipation notes and may renew the same from time to time. The board may issue notes partly to renew notes or to discharge other obligations then outstanding and partly for any other purpose. Any notes may be authorized, sold, executed and delivered in the same manner as bonds. Any resolution or resolutions authorizing notes of the board or any issue thereof may contain any provisions that the board is authorized to include in any resolution or resolutions authorizing bonds of the board, and the board may include in any notes any terms, covenants, or conditions that it is authorized to include in any bonds. All of these notes shall be paid from any revenues of the board or other moneys available therefor and not otherwise pledged, or from the proceeds of the sale of the bonds of the board in anticipation of which they were issued, subject only to any contractual rights of the holders of any of its notes or other obligations then outstanding.

(Amended by Stats. 1996, Ch. 23, Sec. 7. Effective April 8, 1996.)

15834. It is the intent of the Legislature that, prior to the appropriation of any moneys for purposes of Chapter 3.5 (commencing with Section 15820), Chapter 3.6 (commencing with Section 15820.15), Chapter 3.7 (commencing with Section 15820.30), or Chapter 3.8 (commencing with Section 15820.50), consideration be given to funding those purposes from general obligation bond proceeds or from the Capital Outlay Fund for Public Higher Education.

(Added by Stats. 1987, Ch. 1457, Sec. 3.)

15835. The bond or interim receipt is a negotiable instrument unless there is an express recital on its face that the bond or interim receipt is nonnegotiable.

(Added by Stats. 1955, Ch. 1686.)

15836. Bonds, negotiable notes, and negotiable bond anticipation notes issued pursuant to this part are a legal investment for any state special or trust fund notwithstanding any provision of law limiting the investments which may be made by such special or trust fund. The bonds, negotiable notes, and negotiable bond anticipation notes of the board shall be legal investments in which all public officers and public bodies of the state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies, and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds, negotiable notes, and negotiable bond anticipation notes may be used by any such private financial institution, person, or association as security for public deposits. The bonds, negotiable notes, and negotiable bond anticipation notes are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is authorized by law, including deposits to secure public funds.

(Amended by Stats. 1984, Ch. 108, Sec. 7. Effective May 3, 1984.)

15837. Whenever the board deems that it will increase the salability or the price of the bonds, negotiable notes, or negotiable bond anticipation notes to obtain, prior to or after sale, a legal opinion, other than that of the Attorney General, as to the validity of the bonds, negotiable notes, or negotiable bond anticipation notes, the board may authorize the Treasurer, or the Department of Finance, or both, to obtain such a legal opinion. Payment for such legal services shall be made out of the proceeds of the sale of the bonds, negotiable notes, or negotiable bond anticipation notes.

(Amended by Stats. 1984, Ch. 108, Sec. 8. Effective May 3, 1984.)

15837.5. The board is authorized and empowered to employ financial consultants, advisers, and accountants as may be necessary in its judgment in connection with the issuance and sale of any bonds or other obligations of the board. Payment for these services may be made out of the proceeds of the sale of the bonds or other obligations.

(Added by Stats. 1982, Ch. 1523, Sec. 10. Effective September 30, 1982.)

15837.6. The provisions of Section 10295 and Sections 10335 to 10382, inclusive, of the Public Contract Code shall not apply to agreements entered into by the board or Treasurer in connection with the obtaining of financing.

(Added by Stats. 1985, Ch. 932, Sec. 3. Effective September 25, 1985.)

15838. Any resolutions authorizing any bonds may contain provisions which are part of the contract with the bondholders as to:

- (a) Pledging all or any of the revenues, rentals or receipts of the board from all or any public buildings.
- (b) The acquisition, construction, improvement, operation, extension, enlargement, maintenance, and repair of any public buildings and the duties of the board with reference thereto.
- (c) The terms and provisions of the bonds.
- (d) Limitations on the purposes to which the proceeds of the bonds, then or thereafter to be issued, or of any loan or grant by the United States, may be applied.
- (e) The rate of rentals and other charges for use of the public buildings of, or for the services rendered by, the board, including limitations upon the power of the board to modify any leases or other agreement pursuant to which any rentals or other charges are payable.
- (f) The setting aside of reserves or sinking funds and the regulation and disposition of them.
- (g) Limitations on the issuance of additional bonds or certificates.
- (h) The terms and provisions of any deed of trust or indenture securing the bonds, or under which the bonds are issued.
- (i) Any other agreements with the bondholders.

(Added by Stats. 1955, Ch. 1686.)

15838.5. (a) The Treasurer may be appointed to act as trustee for the board and the holders of its bonds. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereon, and the redemption of the bonds.

(b) The board may provide by resolution for the deposit of all revenue pledged for the security of such bonds in one or more separate accounts in the Public Buildings Construction Fund under the control of the Treasurer as trustee. The money in the accounts shall be disbursed only as provided in the resolution.

(c) The board may authorize the Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds the rights and remedies as may be available to the holders.

(Added by Stats. 1982, Ch. 1523, Sec. 11. Effective September 30, 1982.)

15839. The board may enter into any deeds of trust, indentures, or other agreements with any bank or trust company, or other person in the United States having power to enter into such agreements, including any federal agency, as security for such bonds, and may assign and pledge the revenues, rentals, or receipts of the board thereunder. The deeds of trust, indentures, or other agreements may contain such provisions as are customary in the instruments, or as the board authorizes, including but without limiting provisions as to:

- (a) The acquisition, construction, improvement, operation, maintenance and repair of any public buildings, and the duties of the board with reference thereto.
- (b) The application of funds and the safeguarding of funds on hand or on deposit.
- (c) The rights and remedies of the trustee and the holders of the bonds, which may include restrictions upon the individual right of action of the bondholders.
- (d) The terms and provisions of the bonds, or the resolutions authorizing the issuance of the bonds.

(Added by Stats. 1955, Ch. 1686.)

15840. The board may provide, by resolution, for the issuance of refunding bonds for the purpose of refunding any bonds of the board issued pursuant to this part and then outstanding, either by voluntary exchange with the holders of the outstanding bonds, or to provide funds to redeem and retire the outstanding bonds, with accrued interest, and any premium payable on the bond at maturity or at any call date. The issuance of the refunding bonds, the maturities and other details of the bonds, the rights of the bondholders, and the duties of the board in respect to the bonds, are governed by the foregoing provisions of this part insofar as they are applicable. Refunding bonds may be issued by the board to refund bonds originally issued, or to refund bonds of the board previously issued for refunding purposes.

(Added by Stats. 1955, Ch. 1686.)

15841. (a) The rights and remedies conferred by this part upon or granted to bondholders are in addition to and not in limitation of any rights and remedies lawfully granted to those bondholders by the resolutions providing for the issuance of bonds, or by any deed of trust, indenture, or other agreement under which the bonds are issued.

(b) If the board defaults in the payment of principal or interest on any of the bonds after the principal or interest becomes due, whether at maturity or upon call for redemption, and if that default continues for a period of 60 days, or if the board fails or refuses to comply with the provisions of this part or defaults in any agreement made with the bondholders, the holders of 25 percent in aggregate principal amount of the bonds then outstanding by instruments filed in the Office of the County Recorder of the County of Sacramento, and acknowledged in the same manner as a deed to be recorded except as this right is limited under the provisions of any deed of trust, indenture, or other agreement, may appoint a trustee to represent the bondholders for the purposes provided in this part. The trustee or any trustee under any deed of trust, indenture, or other agreement may, and upon written request of the holders of 25 percent in principal amount of the bonds then outstanding, or any other percentage as is specified in the deed of trust, indenture or other agreement, shall in his name:

(1) By proper proceedings and actions enforce all rights of the bondholders, including the right to require the board to collect rates, rentals, and other charges adequate to carry out any agreement as to the revenues, or the pledge of the revenues or receipts of the board, to lease public buildings to state agencies or otherwise, and require the board to carry out any other agreements with or for the benefit of the bondholders, and to perform its duties under this part.

(2) Bring suit upon the bonds.

(3) By an action require the board to account as if it were the trustee of an express trust for the bondholders.

(4) By an action enjoin any acts or things which may be unlawful or in violation of the bondholders' rights.

(5) By notice in writing to the board declare bonds due and payable, and if all defaults are made good then with the consent of the holders of 25 percent of the principal amount of the bonds then outstanding, or any other percentage as is specified in any deed of trust, indenture, or other agreement, annul the declaration that bonds are due and payable.

(Amended by Stats. 2018, Ch. 92, Sec. 104. (SB 1289) Effective January 1, 2019.)

15842. A trustee, appointed pursuant to Section 15841, or acting under a deed of trust, indenture, or other agreement, whether or not all bonds have been declared due and payable, may have a receiver appointed. The receiver may, to the same extent that the board itself could do, enter and take possession of the public buildings of the board, or any parts thereof, the revenues, rentals, or receipts from which are applicable to the payment of the bonds in default, and operate and maintain the public buildings and collect and receive all rentals and revenues thereof arising therefrom in the same manner as the board might do. The receiver shall deposit money in a separate account and apply it in such manner as the court directs. In any action or proceeding by the trustees, the fees, counsel fees, and expenses of the trustees, and of the receiver, and all costs and disbursements allowed by the court, are a first charge on any revenues and receipts derived from the public buildings of the board, the revenues or receipts from which are or may be applicable to the payment of the bonds in default. The trustee shall have and possess all the powers necessary or appropriate for the exercise of any functions specifically set forth in this part or incident to the general representation of the bondholders in the protection and enforcement of their rights; provided, however, that nothing in this section or any other section in this part shall authorize any trustee appointed pursuant to Section 15841, for the purpose of operating and maintaining any public buildings of the board, to sell, assign, mortgage, or otherwise dispose of, any of the assets of whatever kind and character belonging to the board.

(Added by Stats. 1955, Ch. 1686.)

15843. In addition to all other rights and all other remedies the holder of bonds of the board may by an action at law enforce his rights against the board, including the right to require the board to collect fees, rentals, and other charges adequate to carry out any agreement as to fees, rentals, or other charges or income, revenue and receipts and require the board to carry out any of its covenants and agreements with the bondholders and perform its duties under this part.

(Added by Stats. 1955, Ch. 1686.)