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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 5.3. CALIFORNIA TRANSPORTATION COMMISSION [14500 - 14565] (Part 5.3 added by Stats. 1977, Ch. 1106.)

CHAPTER 4. Federal Highway Grant Anticipation Notes [14550 - 14555.9] (Chapter 4 added by Stats. 1999, Ch. 862, Sec. 3.)

ARTICLE 4. Issuance of Notes [14554 - 14555.9] (Article 4 added by Stats. 1999, Ch. 862, Sec. 3.)

14554. (a) In order to provide for the financing of selected projects, the Treasurer may issue tax-exempt or taxable notes under this article. Proceeds of the sale of those notes shall be deposited in the Transportation Financing Subaccount, which is hereby created as a special trust fund in the State Highway Account in the State Transportation Fund. The funds in the subaccount shall be available for use as directed by the commission and administered by the department and to pay costs associated with the issuance or further security of the notes or for capitalized interest of up to 12 months.

(b) Any issue of notes may be secured and made more attractive to capital markets through financial instruments, including, but not limited to, the following:

- (1) Credit enhancements, including, but not limited to, letters of credit, bond insurance, and surety bonds provided by private sector financial institutions.
- (2) Insurance and guarantees provided by any other agency of the state.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14554.2. The Treasurer shall issue notes from time to time pursuant to a resolution from the commission. Those pledges shall be governed under Chapter 5.5 (commencing with Section 5450) of Division 6 of Title 1 of the Government Code. The resolution may contain any of the following provisions, which shall be a part of the contract with the holders of the notes to be authorized:

- (a) Provisions pledging receipt of future federal transportation funds to secure the payment of the notes or of any particular issue of notes, subject to those agreements with noteholders as may then exist, and pledging moneys held in funds and accounts pursuant to the note issue, or the earnings thereon. The Treasurer may authorize classes of notes having different priority in the receipt of available federal transportation funds.
- (b) Provisions for the investment of proceeds of the notes or of the moneys received by the Treasurer for repayment of the notes.
- (c) Provisions setting aside reserves or sinking funds, and the regulation and disposition thereof.
- (d) Limitations on the issuance of additional notes, the terms upon which additional notes may be issued and secured, and the refunding of outstanding notes.
- (e) The procedure, if any, by which the terms of any contract with noteholders may be amended or abrogated, the amount of notes and the holders thereof that are required to give consent thereto, and the manner in which the consent may be given.
- (f) Definitions of acts or omissions to act that constitute a default in the duties of the state to holders of the notes, and provisions on the rights and remedies of the holders in the event of a default.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14554.4. Any notes issued under this chapter may be secured by a trust agreement, indenture, or resolution by and between the commission and a trustee. The trustee may be the Treasurer or a bank or trust company chartered under the laws of this state or of the United States and designated by the Treasurer. The Treasurer may act under the note resolution as the fiscal agent for the notes.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14554.6. The notes shall be authorized by resolution or resolutions of the Treasurer, shall be in the form, shall bear the date or dates, and shall mature at the time or times, as the resolution or resolutions may provide, except that no note may mature more than 30 years from the date of its issue. The fixed or variable notes shall bear interest at the rate or rates, be in the denominations, be in the form, be executed in the manner, be payable in the medium of payment at the place or places within or without the state, be subject to the terms of redemption and contain the terms and conditions, that the resolution or resolutions may provide. The notes shall be sold at public or private sale by the Treasurer at, above, or below the par value, on the terms and conditions and for the consideration that the Treasurer shall determine.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14554.8. (a) Notwithstanding Section 13340 of the Government Code or any other provision of law, the amounts deposited in the State Highway Account in the State Transportation Fund from federal transportation funds, and pledged by the commission under this chapter, are hereby continuously appropriated, without regard to fiscal years, to the Treasurer for the purposes of, and in accordance with, this chapter.

(b) Funds that are subject to Section 1 or 2 of Article XIX of the California Constitution may be used as the state or local principal match for any project that is eligible for federal matching funds and is funded pursuant to this chapter.

(Amended by Stats. 2004, Ch. 793, Sec. 3. Effective January 1, 2005.)

14555. Upon request of the commission, the Treasurer may issue refunding notes to refund any outstanding notes, and to pay costs associated with that refunding.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14555.2. Whenever the Treasurer deems that it will increase the salability or the price of the notes to obtain, prior to or after sale, a legal opinion, other than that of the Attorney General, as to the validity or tax-exempt nature of the notes, the Treasurer may obtain that legal opinion. Payment for those legal services shall be made from the proceeds of the sale of the notes.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14555.4. The Treasurer may employ financial, engineering, or transportation consultants or advisers, underwriters, and accountants as may be necessary in his or her judgment in connection with the issuance and sale of any notes of the Treasurer. Payment for these services may be made out of the proceeds of the sale of the notes.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14555.6. Section 10295 of the Public Contract Code and Article 4 (commencing with Section 10335) of, and Article 5 (commencing with Section 10355) of, Chapter 2 of Part 2 of Division 2 of the Public Contract Code do not apply to agreements entered into by the Treasurer pursuant to the sale of notes authorized under this chapter.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14555.8. Notes issued under this chapter are a legal investment for any state special or trust fund notwithstanding any provision of law limiting the investments that may be made by the special or trust fund. The notes 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, savings and loan associations, savings banks and savings associations, investment companies, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons authorized to invest in notes or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The notes may be used as security for public deposits. The notes are also securities that may properly and legally be deposited with and received by all public officers and bodies of state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of notes or other obligations of the state is authorized by law, including deposits to secured public funds.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)

14555.9. Notes issued under the provisions of this chapter may not be deemed to constitute 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, but shall be payable solely from the funds and revenues pledged therefor. All the notes shall contain on their face a statement to the effect that the State of California shall not be obligated to pay the principal, or the interest on the notes, except from the revenues received by the Treasurer as shall be provided by the documents governing the revenue note issuance, and that neither the faith and credit nor the taxing power of the State of California or of any of its political subdivisions is pledged to the payment of the principal or interest

on the notes. The issuance of notes under this part shall not directly or indirectly or contingently obligate the state or any of its political subdivisions to levy or to pledge any form of taxation whatever or to make any appropriation for their payment.

(Added by Stats. 1999, Ch. 862, Sec. 3. Effective January 1, 2000.)