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GOVERNMENT CODE - GOV

TITLE 4. GOVERNMENT OF CITIES [34000 - 45345] (Title 4 added by Stats. 1949, Ch. 79.)

DIVISION 4. FINANCIAL PROVISIONS [43000 - 43904] (Division 4 added by Stats. 1949, Ch. 79.)

CHAPTER 4. Bonds [43600 - 43904] (Chapter 4 added by Stats. 1949, Ch. 79.)

ARTICLE 4. Investment Bond Act of 1909 [43760 - 43797] (Article 4 added by Stats. 1949, Ch. 79.)

[43760.](#) This article may be cited as the Investment Bond Act of 1909.

(Added by Stats. 1949, Ch. 79.)

[43761.](#) Whenever the public interest or necessity requires, any city may incur a bonded indebtedness to acquire bonds:

- (a) Issued by the city.
- (b) Issued by or for any district in the city.
- (c) Issued for street work or other public improvements in the city under any law providing for the performance of street work or other public improvements or the issuance of bonds to represent or be secured by assessments levied for such work or improvements, including bonds issued under the Improvement Bond Act of 1915 and the Acquisition and Improvement Act of 1925.

(Added by Stats. 1949, Ch. 79.)

[43762.](#) It is the intent of the Legislature in adopting this article that the acquisition of such bonds or investments of the general improvement fund shall be for any or all of the following purposes:

- (a) Aiding or facilitating the making of needed public improvements in the city.
- (b) Limiting or preventing such increasing of district taxes or assessments as may impair the general tax revenues of the city from any district.
- (c) Providing means to reduce district indebtedness or assessments represented by or securing bonds.
- (d) Obtaining collection of delinquent city taxes.
- (e) Restoring property to the tax rolls in order that city taxes may be collected on such property.

(Added by Stats. 1949, Ch. 79.)

[43763.](#) Bonds issued pursuant to this article shall be issued substantially in the manner prescribed by Article 1 of this chapter.

(Added by Stats. 1949, Ch. 79.)

[43764.](#) The ordinance calling the election need not contain any statement as to the estimated cost of the proposed public improvement.

(Added by Stats. 1949, Ch. 79.)

[43765.](#) If the bonds are to be issued to acquire outstanding bonds, the ordinance shall state generally:

- (a) What bonds are to be purchased or acquired.
- (b) The total principal amount of such bonds.
- (c) The maximum purchase price proposed to be paid for them. The maximum purchase price shall not exceed the amount stated.

(Added by Stats. 1949, Ch. 79.)

43766. The interest rate on the bonds need not be the same during the entire term and different rates may be fixed for one or more interest payments.

(Added by Stats. 1949, Ch. 79.)

43767. The bonds shall not be sold at less than their par value. They may be exchanged at their par value for the outstanding bonds if the outstanding bonds are taken in exchange at a price not exceeding the maximum purchase price stated in the ordinance calling the election.

(Added by Stats. 1949, Ch. 79.)

43768. In the exchange of bonds, interest upon the bonds to be acquired accruing to the date of exchange may be offset against the interest accruing upon the bonds issued pursuant to this article. In the purchase of bonds, interest accruing to date of exchange may be paid.

(Added by Stats. 1949, Ch. 79.)

43769. Bonds issued pursuant to this article shall be redeemed and paid pursuant to Article 1 of this chapter.

(Added by Stats. 1949, Ch. 79.)

43770. Taxes for the payment of the bonds shall be levied pursuant to Article 1 except where any issue of bonds pursuant to this article is to mature at one time.

(Added by Stats. 1949, Ch. 79.)

43771. The legislative body of any city shall keep the funds arising from the sale of bonds pursuant to this article separate and distinct from all other municipal funds in a fund to be called "general improvement fund," and shall invest and reinvest the money in bonds issued by the city, or bonds issued for street, sewer, drainage, or any other improvements within the city. It shall collect the principal of and interest on such bonds and credit it to the fund.

(Added by Stats. 1949, Ch. 79.)

43772. If the bonds are issued to acquire or to provide funds for the purchase of certain outstanding bonds, they may be used only for that purpose. All of the funds not so used and all sums received in payment of principal or interest of the bonds acquired by the city or received from their sale shall be used for the payment of the principal and interest of the bonds issued pursuant to this article.

(Added by Stats. 1949, Ch. 79.)

43773. At such times as the legislative body determines, it may sell any of the bonds purchased by it. The bonds shall not be sold at a price less than that paid for them.

(Added by Stats. 1949, Ch. 79.)

43774. The purchase price of any bonds sold and the accrued interest on them shall be placed in the general improvement fund and may be reinvested in bonds, or, if such reinvestment is not permitted, shall be used to pay principal and interest of the bonds issued pursuant to this article.

(Added by Stats. 1949, Ch. 79.)

43775. During the time the city owns any district bonds payable from taxes or assessments levied wholly or partially in accordance with the assessed value of the land within the district, the legislative body may omit any sum for the payment of principal and interest past due and unpaid because of delinquencies from the amount of the annual tax or assessment to be levied for the payment of principal and interest of such bonds. It may also limit or omit any sum for anticipated delinquencies. The legislative body may exercise its discretion as to such omission each year. The tax or assessment shall be levied pursuant to the statute under which the bonds acquired were issued, but the total amount of the annual levy may be limited as provided in this section.

(Added by Stats. 1949, Ch. 79.)

43776. When bonds are acquired at less than their par value, the legislative body may reduce the total principal amount of any issue acquired and held by it to a total principal amount to be fixed by ordinance. The reduced total principal amount of the issue shall not be less at par than the total purchase price of the total principal amount of the issue acquired by the legislative body.

(Added by Stats. 1949, Ch. 79.)

43777. The ordinance is subject to referendum as other ordinances and shall designate:

- (a) The issue of bonds to be reduced.
- (b) The total principal amount of the issue acquired.
- (c) The purchase price paid for the bonds.
- (d) The principal amount of the proposed reduction.
- (e) The numbers, denominations, and maturity dates of the bonds to be canceled.
- (f) The time and place of the proposed cancellation.

(Added by Stats. 1949, Ch. 79.)

43778. At the time and place fixed, the bonds shall be publicly canceled, and the city clerk shall enter on the minutes of the legislative body a record of the bonds canceled sufficient to identify them and the fact and date of their cancellation.

(Added by Stats. 1949, Ch. 79.)

43779. If the bonds canceled are issued under the Improvement Bond Act of 1915, the legislative body shall reduce the principal amount of the assessments securing the bonds to the total principal amount of the unpaid and uncanceled bonds of the same issue.

(Added by Stats. 1949, Ch. 79.)

43780. The reduction of assessments shall be carried out by canceling such proportion of the assessments as is necessary, and the legislative body may provide procedure for such cancellation. The uncanceled portion of the assessments is valid and shall be collected pursuant to the statutes under which the original assessments were levied and bonds issued.

(Added by Stats. 1949, Ch. 79.)

43781. When the legislative body of any city has acquired any district bonds pursuant to this article, it may, as an alternative to the procedure prescribed in Sections 43775 to 43780, inclusive, cancel all or any of such district bonds, if in its opinion the public interest and welfare will be better served by such cancellation than by enforcing the lien securing the bonds.

(Added by Stats. 1949, Ch. 79.)

43782. Before ordering the cancellation, by ordinance the legislative body shall:

- (a) Determine that the public interest and welfare will be best served by the cancellation of all or part of the principal and interest of the bonds.
- (b) Designate the issue of bonds to be canceled or the principal amount, numbers, and denominations of the bonds proposed to be canceled, if less than all.
- (c) Fix the time and place of the proposed cancellation. The ordinance is subject to referendum as other ordinances of the city.

(Added by Stats. 1949, Ch. 79.)

43783. At the time and place fixed in the ordinance, the bonds shall be publicly canceled, and the legislative body shall cause a record of the cancellation to be entered on its minutes. It shall cancel all assessments securing the bonds and all liens upon any property subject to assessment for the payment of the bonds, or such part of the assessments as is necessary, including any delinquent assessments and interest, penalties, and costs.

(Added by Stats. 1949, Ch. 79.)

43784. The legislative body may sell any district bonds acquired from money in the general improvement fund to any property owner at such price as it determines, to enable him to use the bonds upon redemption of any property subject to assessment for the payment of such bonds. Such sale shall not be made unless the property owner simultaneously redeems the property and reinstates it upon the assessment rolls of the city free and clear of all unpaid liens and assessments, other than the lien for current city taxes not yet due and payable.

(Added by Stats. 1949, Ch. 79.)

43785. All district bonds sold for the purpose of effecting such redemption shall be canceled and discharged upon the redemption of the property. The treasurer shall cause the proper notation of cancellation and discharge to be entered upon the city records.

(Added by Stats. 1949, Ch. 79.)

43786. The legislative body may determine that any issue of bonds pursuant to this article shall mature at one time, not to exceed twenty years from the date of issue.

(Added by Stats. 1949, Ch. 79.)

43787. If the bonds are made to mature at one time, the annual tax levy shall be sufficient to pay the interest on the bonds as it comes due and create a sinking fund for the payment of the principal on or before maturity.

(Added by Stats. 1949, Ch. 79.)

43788. The sum to be raised each year and placed in the sinking fund for the payment of the principal shall not be less than an amount obtained by dividing the total principal amount of the bonds issued by the total number of years they are to run.

(Added by Stats. 1949, Ch. 79.)

43789. If the entire issue of bonds is to mature at one time, the bonds may be called for redemption in numerical order at par and accrued interest on any interest payment date prior to their fixed maturity.

(Added by Stats. 1949, Ch. 79.)

43790. Any bond issued pursuant to this article shall not be callable or redeemable prior to its fixed maturity date unless it contains a statement that the bond is callable.

(Added by Stats. 1949, Ch. 79.)

43791. At least once each year, within sixty days prior to an interest payment date, if the sinking fund contains sufficient available money to call one or more of the outstanding bonds, the legislative body shall invite sealed proposals for the sale to the city of any bonds for payment of which the sinking fund was created. The invitation shall be by a notice published once a week for two weeks in a newspaper published in the city. The legislative body may provide for additional publication in other newspapers.

(Added by Stats. 1949, Ch. 79.)

43792. The notice shall state the amount available for the redemption of bonds and specify the time and place the proposals will be opened. At such time and place, all proposals shall be opened in public. Any or all proposals may be rejected in the discretion of the legislative body.

(Added by Stats. 1949, Ch. 79.)

43793. A proposal shall not be accepted unless the sale price is less than par and accrued interest. If no proposals are received, or if those received are rejected or are insufficient to exhaust the money available for the redemption of bonds, the legislative body shall call in numerical order such outstanding bonds as can be redeemed from the money available for that purpose.

(Added by Stats. 1949, Ch. 79.)

43794. Notice of the call for redemption shall be published once a week for two weeks in a newspaper of general circulation in the city. The first publication shall be not less than thirty days prior to the date fixed for redemption. Upon the date fixed, bonds called shall be redeemed at par and accrued interest to that date.

(Added by Stats. 1949, Ch. 79.)

43795. If any bonds called are not presented for redemption on the date fixed, on the day following a sum sufficient for the payment of the principal of such bonds and accrued interest to the date of redemption shall be placed in a special fund for that purpose, and interest on such bonds ceases on the redemption date.

(Added by Stats. 1949, Ch. 79.)

43796. This article provides an alternative system for the issuance of bonds. When proceedings are commenced under this article, its provisions govern all procedures to be taken.

(Added by Stats. 1949, Ch. 79.)

43797. This article shall be liberally construed to the end that its purposes may be made effective.

(Added by Stats. 1949, Ch. 79.)