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HEALTH AND SAFETY CODE - HSC

DIVISION 5. SANITATION [4600 - 6127] (*Division 5 enacted by Stats. 1939, Ch. 60.*)

PART 3. COMMUNITY FACILITIES [4600 - 6127] (*Heading of Part 3 amended by Stats. 1970, Ch. 420.*)

CHAPTER 1. Community Facilities Law of 1911 [4600 - 4650] (*Heading of Chapter 1 amended by Stats. 1970, Ch. 420.*)

ARTICLE 3. Issuance of Bonds [4615 - 4625] (*Article 3 enacted by Stats. 1939, Ch. 60.*)

4615. At any meeting after the passage and recording of the resolution establishing the district, the governing body may, by a resolution passed by a vote of two-thirds of all its members, call an election to be held in the district for the purpose of voting on the question of incurring indebtedness for the purpose of making the improvement as finally determined.

(Amended by Stats. 1965, Ch. 828.)

4616. The resolution calling the special election shall do all of the following:

- (a) Describe the boundaries of the district as finally determined and refer to the district by its name and number.
- (b) Describe in general terms the improvement as finally determined and state the dollar amount of the estimated cost and expenses of the proposed improvement, which amount shall not exceed by more than 10 percent the amount determined under Section 4607.
- (c) State the amount of the principal of the indebtedness to be incurred for the purpose of paying the costs and expenses, which amount shall not exceed the estimate under subdivision (b) of this section.
- (d) State the rate of interest or a maximum rate of interest to be paid on the indebtedness, which rate shall not be more than the rate specified in this chapter.
- (e) Fix the date on which the special election shall be held.
- (f) Determine the manner of holding the election, and the manner of voting for or against the incurring of the indebtedness.

(Amended by Stats. 1965, Ch. 828.)

4617. In all particulars not recited in this chapter or in the resolution, the election shall be held as is provided by law for holding general elections in the city. At the election, the measure of incurring indebtedness for the purposes set forth in the resolution shall be submitted to the voters of the district.

(Amended by Stats. 1963, Ch. 756.)

4618. The maximum rate of interest to be paid on the bonded indebtedness shall be 8 percent per annum, and shall be payable semiannually. The first interest payable on the bonds or any series of the bonds may, however, be for any period not exceeding one year, as determined by the governing body.

(Amended by Stats. 1975, Ch. 130.)

4619. The resolution calling the election shall be published once a week for two successive weeks prior to the date set for the election in a newspaper of general circulation, which is printed and published in the city. The first publication shall be not less than 30 days prior to the date of the election.

In any city where no newspaper is printed and published, the resolution shall be posted in three public places in the district not later than 30 days prior to the date set for the election. No other notice of the election need be given.

(Amended by Stats. 1963, Ch. 756.)

4620. If two-thirds of the votes cast upon the measure are in favor of the issuance of the bonds, the bonds may be issued and the indebtedness incurred.

If less than two-thirds of the votes cast are in favor of the issuance of the bonds, the governing body of the city shall not within six months after the election pass any resolution which calls another election for incurring any indebtedness for sewer work or improvement within that district or in any district which has within its boundaries any of the territory of that district.

(Amended by Stats. 1963, Ch. 756.)

4621. All bonds issued under this chapter shall be issued in the name of the city in which the district has been formed, or in the name of the initiating city, as the case may be, shall be in such form as the governing body may determine, and shall be payable at the time and in the manner determined by the governing body, at a place within the United States, to be fixed by the governing body and designated in the bonds. The maturity date of a bond need not be an anniversary of its date. The governing body may divide the principal amount of any issue of bonds into two or more series and fix different dates for the bonds of each series. The bonds of one series may be made payable at different times from those of any other series. The final maturity date of any issue of bonds, or of any series, shall not exceed 40 years from the date of such bonds, or the date of such series of the bonds. Bonds issued pursuant to this chapter shall not constitute indebtedness within the meaning of Section 29909 or Section 43605 of the Government Code.

The governing body may provide for the call and redemption of any bond prior to maturity at such time or times and at such price or prices and upon such other terms as it may specify, but no bond shall be subject to call or redemption prior to maturity unless a statement to that effect is printed on the bond.

(Amended by Stats. 1963, Ch. 756.)

4622. The bonds shall be issued in any denominations which the governing body may determine.

The bonds shall be signed by the mayor, or by such other officer of the city as shall be designated for that purpose by the governing body by resolution, and shall also be signed by the city treasurer and countersigned by the city clerk or a deputy clerk.

The coupons of the bonds shall be numbered consecutively and signed by the treasurer.

All signatures and countersignatures on the bonds and coupons, except that of the clerk or his deputy, may be printed, lithographed, or engraved.

If any officer whose signature or countersignature appears on the bonds or coupons ceases to be an officer before the delivery of the bonds to the purchaser, his signature or countersignature is as valid and sufficient for all purposes, as if he had remained in office.

(Amended by Stats. 1963, Ch. 756.)

4623. The governing body may issue and sell the bonds at not less than their par value. The proceeds of the sale shall be placed in the city treasury to the credit of the proper improvement district fund and shall be applied exclusively to the purposes and objects specified in the resolution calling the election.

(Amended by Stats. 1965, Ch. 828.)

4623.1. (a) When the purposes and objects specified in any measure incurring bonded indebtedness submitted at any special election called for that purpose have been accomplished and any proceeds of sale of bonds authorized at the special election remain unexpended, or any bonds authorized at the special election remain unissued and unsold (the unexpended proceeds and the proceeds of sale of the then unissued bonds being hereinafter in this section together referred to as "unexpended bond proceeds"), the unexpended bond proceeds may be applied to payment of the costs (including any or all of the items specified in Section 4625) of any improvements, additions, betterments or extensions (hereinafter in this section collectively referred to as "improvements") to the sewer work or improvement described in the resolution or ordinance calling the special election if the governing body shall first find and determine that:

(1) The improvements are reasonably related to the purposes and objects included within the terms of the bond measure approved at the special election or are necessary to carry out the purposes and objects.

(2) The improvements will be acquired or constructed entirely within the area of and will benefit the district as it existed on the date on which the special election was called to authorize the bonds sold, or to be sold, to provide the unexpended bond proceeds.

(3) The resolution providing for the issuance of the bonds authorized at the special election and already outstanding does not prohibit, or can be and is amended to permit, the application of the unexpended bond proceeds to payment of the costs of the improvements; and if a hearing is duly called, noticed and held and resolutions are adopted by the governing body as provided in paragraph (b) of this section.

(b) Before so applying the unexpended bond proceeds the governing body shall adopt a resolution stating the following:

(1) The name and number of the district and a reference by date of adoption to the resolution or resolutions in which the boundaries of the district are set forth.

(2) The date of the special election at which the bonds (which provided, or which when sold will provide, the unexpended bond proceeds) were authorized, the aggregate principal amount of bonds outstanding, the amount (if any) of unexpended bond proceeds provided by bonds theretofore sold and the principal amount of authorized, but unissued bonds (if any), proposed to be sold to provide unexpended bond proceeds.

(3) A general description of the improvements proposed to be acquired or constructed, the estimated costs thereof and the amount of unexpended bond proceeds to be applied to payment of the costs.

(4) A time and place for the hearing of objections to the proposed improvements or to the proposed expenditure of the unexpended bond proceeds by any person who is on the date of the hearing an owner of land or a registered voter within the boundaries of the district as it existed on the date of the special election at which the bonds were authorized.

The resolution shall be published, posted and mailed as provided in Sections 4610 and 4610.5 for a resolution relating to formation of a district. On the day fixed for the hearing, or on any date to which the hearing is continued, the governing body shall hear and consider all written and oral objections presented to the proposed improvements or to the proposed expenditure of the unexpended bond proceeds. At the hearing, the governing body may make any changes in the proposed improvements or proposed expenditures as appear necessary in the public interest; and the governing body may not exclude any land from the district and shall abandon the proceedings if it finds that any land within the boundaries of the district as it existed on the date the special election was called will not be benefited by the proposed improvements.

At the conclusion of the hearing, if the proceedings are not abandoned and if the governing body overrules all protests and objections and finds that the provisions of this section are complied with, the governing body may by a resolution which is passed by a vote of two-thirds of all its members approve the proposed improvements and proposed expenditure of the unexpended bond proceeds and, if bonds are to be issued and sold, may also, by the resolution provide for the issue and sale of the bonds.

(Added by Stats. 1965, Ch. 5.)

4623.5. Before selling the bonds, or any part of the bonds, the governing body shall give notice inviting sealed bids in such manner and for such time as the governing body may prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If no bids are received, or if the governing body determines that the bids received are not satisfactory as to price or responsibility of the bidders, the governing body may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

(Added by Stats. 1963, Ch. 756.)

4624. An action to determine the validity of bonds issued pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860), Title 10, Part 2 of the Code of Civil Procedure.

(Amended by Stats. 1963, Ch. 756.)

4625. In determining the amount of bonds to be issued, the legislative body may include all of the following:

(a) All costs and expenses and estimated costs and expenses incidental to or connected with the acquisition, construction, improving, or financing of the improvement.

(b) All engineering, inspection, legal, and fiscal agent's fees, expenses in connection with the formation of the district, costs of the bond election and of the issuance of the bonds, bond reserve funds and working capital, and bond interest estimated to accrue during the construction period and for a period of not to exceed 12 months after completion of construction.

(Amended by Stats. 1965, Ch. 828.)