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TITLE 5. LOCAL AGENCIES [50001 - 57607] (Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 3. Bonds [53400 - 53595.55] (Chapter 3 added by Stats. 1949, Ch. 81.)

ARTICLE 11. Provisions Applicable to All Refunding Bonds of All Local Agencies [53580 - 53589.5] (Article 11 added by Stats. 1975, Ch. 897.)

53580. The following terms shall have the following meanings:

(a) The term "local agency" means public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or other public entity or any improvement district or zone thereof.

(b) The term "bonds" as used in this article means: bonds as defined in Section 53550, or revenue bonds as defined in Section 53570.

(c) The term "refunding bonds" means bonds issued to refund bonds.

(d) The term "federal securities" as used in this article means those securities defined in subdivision (g) of Section 53550 and in subdivision (a) of Section 53651.

(Added by Stats. 1975, Ch. 897.)

53581. Notwithstanding the provisions of any other law, the provisions of this article shall apply to all refunding bonds of any local agency, regardless of the authority for their issuance.

(Added by Stats. 1975, Ch. 897.)

53582. The proceedings of any local agency authorizing the issuance of bonds shall not require the deposit of any more moneys, obligations, and federal securities as are sufficient, taking into account both the principal amount of the moneys, obligations, and securities and the interest to become due thereon, to implement the refunding of those bonds. Federal securities and the interest thereon shall be used to satisfy any requirement of cash, money, specie, or lawful money in any proceeding conducted by a local agency before September 19, 1975.

(Amended by Stats. 1985, Ch. 1033, Sec. 11. Effective September 27, 1985.)

53583. (a) Any local agency may issue bonds pursuant to this article or any revenue bond law under which the local agency is otherwise authorized to issue bonds for the purpose of refunding any revenue bonds of the local agency or, if the local agency is a joint powers authority, any revenue bonds of a member local agency, upon authorization by resolution of that member of the joint powers authority.

(b) The proceedings of any local agency authorizing the issuance of any refunding bonds may provide all of the following for those bonds:

(1) The form of the bonds to 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 the registration privileges of the bonds.

(7) The manner of execution of the bonds.

(8) The place or places the bonds are payable.

(9) The terms of redemption.

(10) Any other terms and conditions determined necessary by the local agency.

(c) (1) The refunding bonds may be sold at public or private sale or on a negotiated sale basis and at the prices, above or below par, as the local agency determines.

(2) (A) If the local agency determines to sell the bonds at public sale, the local agency shall advertise the bonds for sale and invite sealed bids on the bonds by publication of a notice once at least 10 days before the date of the public sale in a newspaper of general circulation circulated within the boundaries of each local agency to be aided by the project to be financed by the issuance of the bonds. If one or more satisfactory bids are received pursuant to the notice, the bonds shall be awarded to the highest responsible bidder. If no bids are received or if the local agency determines that the bids received are not satisfactory as to price or responsibility of the bidders, the local agency may reject all bids received, if any, and either readvertise or sell the bonds at private sale or on a negotiated sale basis.

(B) If the local agency determines to sell the bonds at private sale or on a negotiated sale basis, the local agency shall send a written statement, within two weeks after the bonds are sold, to the California Debt Advisory Commission explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated sale basis instead of at public sale.

(Amended by Stats. 1999, Ch. 649, Sec. 5. Effective January 1, 2000.)

53583.5. If the original bonds to be refunded under this article were issued under Section 33760, 34312, or 52080 of the Health and Safety Code, the refunding bonds shall require a regulatory agreement that complies with subdivision (d) of Section 33760 of, or paragraph (2) of subdivision (d) of Section 34312 of, or subdivision (g) of Section 52080 of, the Health and Safety Code.

(Added by Stats. 2007, Ch. 596, Sec. 1.5. Effective January 1, 2008.)

53584. The proceeds of refunding bonds may be applied to the purchase, retirement at maturity, or redemption of the bonds to be refunded either at their earliest redemption date or dates, any subsequent redemption date or dates, upon their purchase or retirement maturity, or paid to a third person to assume the local agency's obligation to make the payments, and may, pending that application, be placed in escrow and invested or reinvested in any obligations or securities, and any interest or other increment earned or realized on any such investment may be applied to the payment of the bonds to be refunded or to the payment of interest on the refunding bonds, as provided in the proceedings of the local agency authorizing the issuance of the refunding bonds.

(Repealed and added by Stats. 1985, Ch. 1033, Sec. 14. Effective September 27, 1985.)

53584.1. In issuing refunding bonds to honor warrants to school districts, community college districts, and other local agencies in settlement of bankruptcy, the Board of Supervisors of Orange County may provide in the resolution authorizing the issuance of those refunding bonds for the pledge of any taxes, income, revenue, cash receipts, rents, or other moneys of Orange County, including moneys deposited in inactive or term deposit accounts, or rights to receive the same, to the extent that the taxes, income, revenue, cash receipts, rents, or other moneys could have been used to pay principal or interest on the refunded bonds. The priority and perfection of the pledge shall be governed by Chapter 5.5 (commencing with Section 5450) of Division 6 of Title 1.

(Added by Stats. 1995, 2nd Ex. Sess., Ch. 2, Sec. 1. Effective May 15, 1995.)

53585. A local agency that issues refunding bonds may obtain insurance or other credit enhancement of the refunding bonds or of the escrow referred to in Section 53584 and may enter into any credit reimbursement agreement or other agreement with any person or entity. The agreement shall contain the terms of the credit reimbursement, interest rate, security, and any other terms the local agency deems necessary or appropriate.

(Repealed and added by Stats. 1985, Ch. 1033, Sec. 16. Effective September 27, 1985.)

53585.1. (a) In issuing refunding bonds to honor warrants to school districts, community college districts, and other local agencies in settlement of bankruptcy, the Board of Supervisors of Orange County, in the resolution authorizing the issuance of refunding bonds, may provide that Orange County elects to guarantee payment of the refunding bonds in accordance with the following:

(1) If Orange County elects to participate under this section, it shall provide notice to the Controller of that election, which notice shall include a schedule for the repayment of principal and interest on the bonds, and identify a refunding bond trustee appointed by Orange County for the purposes of this section. The notice may be provided at the time of issuance of the refunding bonds or at a later date.

(2) In the event that, for any reason, the funds available for the payment of principal and interest of the bonds will not be sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, Orange County shall so notify the trustee. The trustee shall immediately communicate that information to the affected bondholders and to the Controller.

(3) When the Controller receives notice from the trustee as described in paragraph (2) that the funds made available pursuant to this article for the payment of principal and interest of the bonds is not sufficient for that purpose at the time payment on principal, interest, or both, is required as to any one or more of those bonds, the Controller shall make an apportionment to the trustee in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which Orange County is entitled at that time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code, and shall thereupon reduce, by the amount of the payment, the subsequent allocation or allocations to which Orange County would otherwise be entitled under that chapter.

(4) As an alternate to the procedure set forth in paragraphs (2) and (3), Orange County may specify in the notice provided to the Controller pursuant to paragraph (1) a schedule of payments to be made on specified dates to the trustee, and the Controller shall, subject to the limitation in the second sentence of paragraph (3), make apportionments to the trustee in the amount of the required payments on the specified dates.

(b) This section shall not be construed to obligate the State of California to make any payment to Orange County from the Motor Vehicle License Fee Account in the Transportation Tax Fund in any amount or pursuant to any particular allocation formula, or to make any other payment to Orange County, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by Orange County in accordance with this section.

(Added by Stats. 1995, 2nd Ex. Sess., Ch. 2, Sec. 2. Effective May 15, 1995.)

53586. Notwithstanding Section 53583, the outstanding bonds of the project areas of the redevelopment agency of the City of San Bernardino, which were merged into one and designated Central City by Chapter 1227 of the Statutes of 1983, may be refunded on the first date on which the bonds may legally be called, or on any date or dates thereafter, or at the maturity date or dates of the outstanding bonds without regard to the dates on which the outstanding bonds may legally be called.

Nothing in this section shall be construed as modifying the requirements for low- and moderate-income housing set forth in Section 33471.5 of the Health and Safety Code.

(Added by Stats. 1984, Ch. 1291, Sec. 1.)

53587. In determining the amount of refunding bonds to be issued, the local agency may include all costs of issuing the refunding bonds and of refunding the bonds to be refunded, including the amount of any premium required to be paid to redeem any of the bonds to be refunded, any capitalized interest or bond reserve funds which the local agency determines to be reasonably required, and the cost of any insurance or other credit enhancement authorized by Section 53585.

(Added by Stats. 1985, Ch. 1033, Sec. 17. Effective September 27, 1985.)

53588. The issuance, transfer, and interest income earned on any bonds issued by a local agency under this article is exempt from taxation of every kind by any state or local entity. The local agency shall not be required to pay any taxes on, or with respect to, the income earned on the investment of proceeds of the bonds placed in escrow or otherwise.

(Added by Stats. 1985, Ch. 1033, Sec. 18. Effective September 27, 1985.)

53589. This article provides a complete, additional, and alternative method for doing the things authorized by this article and shall be regarded as supplemental and additional to the powers conferred by any other laws. The issuance of bonds and the entering into any credit reimbursement or other agreement under this article does not need to comply with the requirements of any other law applicable to the local agency or the issuance of bonds or the incurring of indebtedness, except that bonds which were subject to investigations, reports, and approval or certification by the Treasurer pursuant to the District Securities Investigation Law of 1965, Chapter 2.5 (commencing with Section 58750) of Division 2 of Title 6, and the Districts Securities Law, Chapter 1 (commencing with Section 20000) of Division 10 of the Water Code prior to the adoption of this article shall continue to be subject to the investigations, reports, and approval or certification.

(Amended by Stats. 1986, Ch. 1388, Sec. 3. Effective September 30, 1986.)

53589.5. An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of any issuance or proposed issuance of refunding bonds under this article, and the legality and validity of all proceedings previously taken or proposed to be taken in a resolution or ordinance adopted by the local agency for the authorization, issuance, sale, and delivery of the bonds, for entering into any credit reimbursement or other agreement in connection therewith, for the use of the proceeds of the bonds, and for the payment of the principal of, and interest on, the bonds.

(Added by renumbering Section 53590 (as added by Stats. 1985, Ch. 1033, Sec. 20) by Stats. 1987, Ch. 56, Sec. 85.)