



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

GOVERNMENT CODE - GOV

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 6. Revenue Bond Law of 1941 [54300 - 54700] (Heading of Chapter 6 amended by Stats. 1959, Ch. 597.)

ARTICLE 4. Provisions Relating to Bonds [54400 - 54435] (Article 4 added by Stats. 1949, Ch. 81.)

54400. The legislative body may determine and provide in the resolution for:

- (a) The number of series in which the bonds are to be issued.
- (b) The date the bonds are to bear.
- (c) The maturity dates of the bonds, not exceeding forty years from their respective dates.

(Added by Stats. 1949, Ch. 81.)

54401. If the legislative body divides any issue of bonds into series, it may prescribe, and state in the resolution, different dates for the bonds of each series. The maximum maturity date of each series shall be calculated from the date on the face of each bond separately.

(Added by Stats. 1949, Ch. 81.)

54402. The legislative body may determine and provide in the resolution for:

- (a) The issuance of any bonds or a series in the form of serial bonds or sinking fund bonds with serial or term maturities.
- (b) The interest of the bonds either fixed or variable, the rate or rates, payable at the times and in the manner specified therein. Under no conditions may the annual fixed or variable interest rate exceed the maximum rate specified in Section 53531 of the Government Code.
- (c) The denomination of the bonds.
- (d) The form of the bonds, coupon, registered, or book entry.
- (e) The registration and conversion privileges of the bonds.
- (f) The manner in which the bonds are to be executed.
- (g) The medium and place of payment.
- (h) The terms of redemption, with or without a premium.

(Amended by Stats. 1990, Ch. 1130, Sec. 4.)

54403. Any premium payable on the bonds shall be in the amount or amounts specified by the legislative body.

(Repealed and added by Stats. 1990, Ch. 1130, Sec. 6.)

54404. The bonds are not subject to call or redemption prior to their fixed maturity date unless the right to exercise a call is expressly stated on the face of the bonds.

(Added by Stats. 1949, Ch. 81.)

54405. The resolution may provide the terms and conditions upon which the bonds may be declared or become due and payable upon specified defaults.

(Added by Stats. 1949, Ch. 81.)

54406. The resolution may provide for the replacement of mutilated, destroyed, stolen, or lost bonds.

(Added by Stats. 1949, Ch. 81.)

54407. By resolution, the legislative body may provide the manner for authenticating the bonds and other terms to be contained in the bonds.

(Added by Stats. 1949, Ch. 81.)

54408. Pending the preparation of the definitive bonds, interim receipts or temporary bonds, exchangeable for definitive bonds may be issued in the form and with the provisions the legislative body determines.

(Added by Stats. 1949, Ch. 81.)

54409. In the absence of an express recital on its face that the bond or interim receipt is nonnegotiable, the bond or interim receipt is a negotiable instrument.

(Added by Stats. 1949, Ch. 81.)

54410. In determining the amount of bonds to be issued, the legislative body may include:

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

(b) All engineering, inspection, legal and fiscal agent's fees, costs of the bond election and of the issuance of said revenue 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 twelve months after completion of construction.

(Amended by Stats. 1949, Ch. 1492.)

54411. Bonds bearing the signature of officers of the local agency in office on the date of the signing are valid, notwithstanding that before delivery the persons signing have ceased to be officers.

(Added by Stats. 1949, Ch. 81.)

54412. The validity of the authorization and issuance of the bonds is not affected by proceedings for the acquisition, construction, or improving of the enterprise or by contracts in connection therewith.

(Added by Stats. 1949, Ch. 81.)

54413. Any resolution authorizing bonds may provide that the bonds may recite that it is issued pursuant to this chapter and bonds containing such recital are conclusively deemed valid and issued in conformity with this chapter.

(Added by Stats. 1949, Ch. 81.)

54414. Reference on the face of the bonds to the resolution by its date of adoption incorporates the provisions of the resolution and of this chapter into the bonds and their coupons.

(Amended by Stats. 1953, Ch. 369.)

54415. Each taker and subsequent holder of the bonds and attached or detached coupons has recourse to all of the provisions of the resolution and of this chapter and is bound by their terms.

(Added by Stats. 1949, Ch. 81.)

54416. The legislative body may issue and sell the bonds in the manner it determines.

(Added by Stats. 1949, Ch. 81.)

54417. The legislative body may sell the bonds in installments at different times or as an entire series of bonds at one time.

(Added by Stats. 1949, Ch. 81.)

54418. The legislative body may sell the bonds at a price above or below par in a manner, at public or private sale, as it determines by resolution. If the legislative body decides to sell the bonds at private sale rather than public sale, the local agency shall send a written statement to the California Debt Advisory Commission, no later than two weeks after the sale of the bonds, explaining the reasons for that decision.

(Amended by Stats. 1990, Ch. 1130, Sec. 7.)

54419. The sale price of all bonds sold shall include the interest accrued to the date of delivery of and payment for the bonds.

(Added by Stats. 1949, Ch. 81.)

54420. The bonds are special obligations of the local agency and are secured by a pledge of and shall be a charge upon, and shall be payable, as to the principal thereof, interest thereon, and any premiums upon the redemption of any thereof, solely from and secured by a lien upon the gross revenues of the enterprise and such funds as are described in the resolution authorizing the issuance of the bonds.

(Amended by Stats. 1953, Ch. 526.)

54421. By resolution the legislative body may pledge, place a charge upon, and assign all or any part of the gross revenues of the enterprise and of any and all funds referred to in Section 54478 for the security of the bonds. The gross revenues of the enterprise include revenues of improvements and extensions later constructed or acquired and revenues of existing systems, plants, works, or undertakings to be improved or extended or for the improvement or extension of which the bonds are to be issued.

(Amended by Stats. 1953, Ch. 526.)

54422. The payment of interest on and principal of the bonds and any premiums upon the redemption of any thereof are secured by a pledge, charge, and lien upon the revenues of the enterprise and upon such other funds as shall be specified in the resolution authorizing the issuance of the bonds.

(Amended by Stats. 1990, Ch. 1130, Sec. 8.)

54423. The revenues and any interest earned on the revenues and all other funds specified in the resolution authorizing the issuance of the bonds constitute a trust fund for the security and payment of the interest on and principal of the bonds.

(Amended by Stats. 1953, Ch. 526.)

54424. So long as any bonds or interest thereon are unpaid the revenues and interest thereon shall not be used for any other purpose, except as provided in Sections 54425 and 54426.

(Amended by Stats. 1953, Ch. 526.)

54425. If the interest and principal of the bonds and all charges to protect or secure them are paid when due an amount for the necessary and reasonable maintenance and operation costs of the enterprise, which costs include the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the enterprise in good repair and working order, may be apportioned from the revenues, and subject to any limiting covenants in the resolution providing for the issuance of bonds, the remaining surplus may be used for any lawful purpose of the local agency.

(Amended by Stats. 1955, Ch. 395.)

54426. In its discretion the legislative body may provide in the resolution providing for the issuance of the bonds that, the principal, interest, and sums for other security funds shall be paid from the revenues prior to paying the maintenance and operation costs of the enterprise.

(Amended by Stats. 1963, Ch. 1104.)

54427. Bonds of the same issue shall be equally secured by a pledge, charge, and lien upon the revenues of the enterprise and all other funds specified in the resolution authorizing the issuance of the bonds, without priority for number, date of bonds, of sale, of execution, or of delivery pursuant to this chapter and the resolution authorizing the issuance of the bonds; except that any local agency may authorize the issuance of bonds of different series and may provide that the bonds in any series shall, to the extent and in the manner prescribed in the resolution, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as may be specified in the resolution.

(Amended by Stats. 1953, Ch. 526.)

54428. The general fund of the local agency is not liable for the payment of the bonds or their interest.

(Added by Stats. 1949, Ch. 81.)

54429. The credit or taxing power of the local agency is not pledged for the payment of the bonds or their interest.

(Added by Stats. 1949, Ch. 81.)

54430. The holder of the bonds or coupons shall not compel the exercise of the taxing power by the local agency or the forfeiture of its property.

(Added by Stats. 1949, Ch. 81.)

54431. The principal of and interest on the bonds and any premiums upon the redemption of any thereof are not a debt of the local agency, nor a legal or equitable pledge, charge, lien, or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the revenues of the enterprise and other funds that may be legally applied, pledged, or otherwise made available to their payment.

(Amended by Stats. 1953, Ch. 526.)

54432. Every bond shall recite in substance that the principal of and interest on the bond are payable solely from the revenues and other funds pledged or otherwise made available to its payment and that the local agency is not obligated to pay it except from the revenues of the enterprise and from such other funds.

(Amended by Stats. 1953, Ch. 526.)

54435. The bonds and interest or income from the bonds are exempt from taxation in this State, except from gift, inheritance, and estate taxes.

(Added by Stats. 1949, Ch. 81.)