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**GOVERNMENT CODE - GOV**

**TITLE 6. DISTRICTS [58000 - 62464]** ( Title 6 added by Stats. 1951, Ch. 331. )

**DIVISION 1. GENERAL [58000 - 60375.5]** ( Heading of Division 1 renumbered from Division 2 by Stats. 1987, Ch. 56, Sec. 88. )

**CHAPTER 5. Special Assessment and Bond Refunding Law of 1939 [59100 - 59674]** ( Chapter 5 added by Stats. 1951, Ch. 331. )

**ARTICLE 5.5. Refunding of Ad Valorem Tax or Assessment Bonds [59280 - 59286]** ( Article 5.5 added by Stats. 1973, Ch. 256. )

**59280.** The legislative body shall have power under this chapter to refund bonds which constitute an indebtedness of a local agency or any improvement district or zone thereof payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied without limitation as to rate or amount upon property in the local agency or in the improvement district or zone thereof subject to taxation or assessment.

(Added by Stats. 1973, Ch. 256.)

**59281.** Refunding bonds may be issued under this chapter for the purpose of refunding any indebtedness of the local agency which is evidenced by bonds, whether due or not due or which may thereafter become payable at the option of such local agency or by consent of the bondholders or by any lawful means.

(Added by Stats. 1973, Ch. 256.)

**59282.** The incidental costs of issuing the refunding bonds may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source including, without limitation, the general fund of the local agency, other available revenues of the local agency under the control of the legislative body, the proceeds of the sale of the refunding bonds, the interest or other gain derived from investment of any of the proceeds of the sale of the refunding bonds, any other moneys in escrow or in trust, or any combination thereof, as the legislative body may determine.

(Added by Stats. 1973, Ch. 256.)

**59283.** The proceeds of the sale of any refunding bonds shall be deposited in escrow or in trust with any bank or trust company within or without the state, or both within or without the state, and shall be secured in accordance with the laws applicable to funds of the local agency and may, along with any other moneys available for that purpose similarly deposited, be invested or reinvested in federal securities. The term "federal securities" means those securities described in Sections 1360 and 1360.1 of the Financial Code or Section 53601 of this code.

(Added by Stats. 1973, Ch. 256.)

**59284.** Such proceeds and reinvestments in escrow or in trust shall be in an amount at the time of the issuance of such refunding bonds sufficient to meet the requirements of either subdivision (a) or (b) of this section. Such proceeds and reinvestments in escrow or in trust shall also be certified by a certified public accountant licensed to practice in this state to be of an amount sufficient to meet such requirements.

(a) Such proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount at least sufficient to pay (i) the principal of, and interest and redemption premiums if any, on, the refunded bonds as they become due, or at designated dates prior to maturity if the legislative body has exercised or has obligated itself to exercise a redemption privilege on behalf of the local agency, and (ii) the designated costs of issuance of the refunding bonds; or

(b) Such proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount at least sufficient to pay (i) the principal of, and interest and redemption premiums if any, on, the refunding bonds prior to the

maturity of the bonds to be refunded or prior to a designated date or dates before the maturity of the bonds to be refunded if the legislative body has exercised or has obligated itself to exercise a redemption privilege on behalf of the local agency, (ii) the principal of, and any redemption premiums due on, such refunded bonds at maturity or at such designated date or dates and (iii) the designated costs of issuance of the refunding bonds.

*(Added by Stats. 1973, Ch. 256.)*

**59285.** Upon the issuance, sale and delivery or exchange of refunding bonds pursuant to this article, if both the refunding bonds and the bonds to be refunded remain outstanding for any period of time following the date of the issuance, sale and delivery of the refunding bonds, then until the date on which the bonds to be refunded are no longer outstanding:

(a) If the local agency has met the test of subdivision (a) of Section 59284, the bonds to be refunded shall no longer be considered outstanding in any computation of the general obligation indebtedness of such local agency;

(b) If the local agency has met the test of subdivision (b) of Section 59284, then the bonds to be refunded shall be considered outstanding in any computation of the general obligation bonded indebtedness of such local agency until the date on which the refunded bonds are retired.

*(Added by Stats. 1973, Ch. 256.)*

**59286.** In proceeding under the alternatives provided for in this article, it shall be unnecessary for the legislative body to give notice to the bondholders and to obtain their consents or to obtain written proposals from them, and the provisions in this chapter relating to such consents or proposals from the original bondholders shall not be applicable to any proceedings conducted pursuant to the authority in this article.

*(Added by Stats. 1973, Ch. 256.)*