California Association of County Treasurers and Tax Collectors

CALIFORNIA COUNTY TREASURER'S REFERENCE MANUAL

CALIFORNIA ASSOCITAION OF
COUNTY TREASURERS AND TAX COLLECTORS
April 1, 2012
Revised October 1, 2014

The contents of this manual have been contributed from several sources, including Members and Associate Members of the California Association of County Treasurers and Tax Collectors.

IT IS ONLY TO BE USED AS A GUIDE.

For situations which may involve legal actions, you should seek the advice of your county legal advisor (County Counsel or District Attorney)

Most Code Sections refer to the Government Code, unless otherwise noted.

Additional Information is always available from other County Treasurers.

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COUNTY GOVERNMENT

COUNTY OFFICER

Who are the officers?

24000. The following is a list of officers of a county:

District attorney	Surveyor
Sheriff	Members of the board of supervisors
County clerk	County veterinarian
Auditor-Controller	Fish and game warden
Treasurer-Tax Collector	County librarian
Recorder	County health officer
License collector	Administrative officer
Assessor	Director of finance
Superintendent of schools	Road commissioner
Public administrator	Public guardian
Coroner	Such other officers as are provided by law

24001. Except as provided by law, a person is not eligible to a county or district office, unless he or she is a registered voter of the county or district in which the duties of the office are to be exercised at the time that nomination papers are issued to the person or at the time of the appointment of the person.

The board of supervisors or any other legally constituted appointing authority in a county or district may, if it finds that the best interests of the county or district will be served, waive the requirements of this section for an appointed county or district office.

Elective or appointive officers; procedures for change in designation

24009. (a) Except as provided in subdivision (b), the county officers to be elected by the people are the treasurer, county clerk, auditor, sheriff, tax collector, district attorney, recorder, assessor, public administrator, and coroner.

(b) Except for those officers named in subdivision (b) of Section 1 of Article XI of the California Constitution, any county office that is required to be elective may become an appointive office pursuant to this subdivision. In order to change an office from elective to appointive, a proposal shall be presented to the voters of the county and approved by a majority of the votes cast on the proposition. A proposal shall be submitted to the voters by the county board of supervisors or it may be submitted to the voters pursuant to the qualification of an initiative petition as provided in Chapter 2 (commencing with Section 9100) of Division 9 of the Elections Code. Any county office changed from elective to appointive in accordance with this subdivision may be changed back from appointive to elective in the same manner.

Political Reform Act of 1974

81000. This title shall be known and may be cited as the "Political Reform Act of 1974."

81001. The people find and declare as follows:

(a) State and local government should serve the needs and respond to the wishes of all citizens equally, without regard to their wealth;

(b) Public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them;

(c) Costs of conducting election campaigns have increased greatly in recent years, and candidates have been forced to finance their campaigns by seeking large contributions from lobbyists and organizations who thereby gain disproportionate influence over governmental decisions;

(d) The influence of large campaign contributors is increased because existing laws for disclosure of campaign receipts and expenditures have proved to be inadequate;

(e) Lobbyists often make their contributions to incumbents who cannot be effectively challenged because of election laws and abusive practices which give the incumbent an unfair advantage;

(f) The wealthy individuals and organizations which make large campaign contributions frequently extend their influence by employing lobbyists and spending large amounts to influence legislative and administrative actions;

(g) The influence of large campaign contributors in ballot measure elections is increased because the ballot pamphlet mailed to the voters by the state is difficult to read and almost impossible for a layman to understand; and

(h) Previous laws regulating political practices have suffered from inadequate enforcement by state and local authorities.

81002. The people enact this title to accomplish the following purposes:

(a) Receipts and expenditures in election campaigns should be fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited.

(b) The activities of lobbyists should be regulated and their finances disclosed in order that improper influences will not be directed at public officials.

(c) Assets and income of public officials which may be materially affected by their official actions should be disclosed and in appropriate circumstances the officials should be disqualified from acting in order that conflicts of interest may be avoided.

(d) The state ballot pamphlet should be converted into a useful document so that voters will not be entirely dependent on paid advertising for information regarding state measures.

(e) Laws and practices unfairly favoring incumbents should be abolished in order that elections may be conducted more fairly.

(f) Adequate enforcement mechanisms should be provided to public officials and private citizens in order that this title will be vigorously enforced.

81003. This title should be liberally construed to accomplish its purposes.

81004.(a) All reports and statements filed under this title shall be signed under penalty of perjury and verified by the filer. The verification shall state that the filer has used all reasonable diligence in its preparation, and that to the best of his knowledge it is true and complete.

(b) A report or statement filed by a committee which qualifies under subdivision (a) of Section 82013 shall be signed and verified by the treasurer, and a report or statement filed by any other person shall be signed and verified by the filer. If the filer is an entity other than an individual, the report or statement shall be signed and verified by a responsible officer of the entity or by an attorney or a certified public accountant acting as agent for the entity.

Every person who signs and verifies any report or statement required to be filed under this title which contains material matter which he knows to be false is guilty of perjury.

81004.5. Any report or statement filed pursuant to this title may be amended by the filer at any time. Amending an incorrect or incomplete report or statement may be considered as evidence of good faith.

81006. Except as provided in this title, no fee or charge shall be collected by any officer for the filing of any report or statement or for the forms upon which reports or statements are to be prepared.

81007. When a report or statement or copies thereof required to be filed with any officer under this title have been sent by first-class mail or by any other guaranteed overnight delivery service addressed to the officer, it shall for purposes of any deadline be deemed to have been received by him or her on the date of the deposit in the mail or of receipt by that delivery service. It shall be presumed until the contrary is established that any date stamped by the post office on the envelope or contained on the delivery service receipt containing the report or statement is the date it was deposited in the mail or received by the delivery service. Mail which is not received by the filing officer shall be presumed not to have been sent unless the filer possesses a post office or delivery service receipt establishing the date of deposit and the name and address of the addressee.

81007.5.(a) Any report or statement or copies thereof required to be filed with any official under Chapter 4 (commencing with Section 84100) or Chapter 7 (commencing with Section 87100) may be faxed by the applicable deadline, provided that the required originals or paper copies are sent by first-class mail or by any other personal delivery or guaranteed overnight delivery service within 24 hours of the applicable deadline and provided that the total number of pages of each report or statement faxed is no more than 30 pages.

(b) A faxed report or statement shall not be deemed filed if the faxed report or statement is not a true and correct copy of the original or copy of the report or statement personally

delivered or sent by first-class mail or guaranteed overnight delivery service pursuant to subdivision (a).

(c) A filing officer who receives a faxed report or statement shall make the report or statement available to the public in the same manner as provided in Section 81008. If the faxed report or statement is requested prior to the receipt of the original or copy of the report or statement by the filing officer, the filing officer shall inform the requester that the faxed report or statement will not be considered a filed report or statement if the requirements of subdivision (b) have not been met by the filer.

81008. (a) Every report and statement filed pursuant to this title is a public record open for public inspection and reproduction during regular business hours, commencing as soon as practicable, but in any event not later than the second business day following the day on which it was received. No conditions whatsoever shall be imposed upon persons desiring to inspect or reproduce reports and statements filed under this title, nor shall any information or identification be required from these persons. Copies shall be provided at a charge not to exceed ten cents ($0.10) per page. In addition, the filing officer may charge a retrieval fee not to exceed five dollars ($5) per request for copies of reports and statements which are five or more years old. A request for more than one report or statement or report and statement at the same time shall be considered a single request.

(b) Campaign statements shall be open for public inspection and reproduction from 9:00 a.m. to 5:00 p.m. on the Saturday preceding a statewide primary or statewide general election in the offices of the Secretary of State, Registrar-Recorder of Los Angeles County, Registrar of Voters of San Diego County, and Registrar of Voters of the City and County of San Francisco.

81009. (a) Statements of organization, registration statements, and original campaign statements of persons holding elective state office, candidates for any such office, committees supporting any such officeholder or candidate, and committees supporting or opposing statewide measures, shall be retained by filing officers indefinitely.

(b) Original campaign statements of mayors, city council members, county supervisors, candidates for any of these offices, and committees supporting any officeholder or candidate shall be retained indefinitely, except that original campaign statements of candidates not elected to these offices and of committees supporting candidates not elected to these offices shall be retained by filing officers for a period of not less than five years.

(c) Original campaign statements of all other persons shall be retained by filing officers for a period of not less than seven years.

(d) Original statements of economic interests of persons holding statewide elective office shall be retained by filing officers indefinitely.

(e) Original reports and statements not specified above in this section shall be retained by filing officers for a period of not less than seven years.

(f) Copies of reports or statements shall be retained by the officer with whom they are filed for a period of not less than four years, provided, however, that a filing officer is not required to retain more than one copy of a report or statement.

(g) After an original report or statement or a copy has been on file for at least two years, the officer with whom it is filed may comply with this section by retaining a copy on microfilm or other space-saving materials available for public inspection instead of the original report or statement or copy. Upon request, the officer shall provide copies of such statements pursuant to Section 81008.

81009.5. (a) Any local government agency which has enacted, enacts, amends, or repeals an ordinance or other provision of law affecting campaign contributions and expenditures shall file a copy of the action with the commission.

(b) Notwithstanding Section 81013, no local government agency shall enact any ordinance imposing filing requirements additional to or different from those set forth in Chapter 4 (commencing with Section 84100) for elections held in its jurisdiction unless the additional or different filing requirements apply only to the candidates seeking election in that jurisdiction, their controlled committees or committees formed or existing primarily to support or oppose their candidacies, and to committees formed or existing primarily to support or oppose a candidate or to support or oppose the qualification of, or passage of, a local ballot measure which is being voted on only in that jurisdiction, and to city or county general purpose committees active only in that city or county, respectively.

81010. With respect to reports and statements filed with him pursuant to this title, the filing officer shall:

(a) Supply the necessary forms and manuals prescribed by the Commission;

(b) Determine whether required documents have been filed and, if so, whether they conform on their face with the requirements of this title;

(c) Notify promptly all persons and known committees who have failed to file a report or statement in the form and at the time required by this title;

(d) Report apparent violations of this title to the appropriate agencies; and

(e) Compile and maintain a current list of all reports and statements filed with this office.

81011.5. Any provision of law to the contrary notwithstanding, the election precinct of a person signing a statewide petition shall not be required to appear on the petition when it is filed with the county elections official, nor any additional information regarding a signer other than the information required to be written by the signer.

81012. This title may be amended or repealed by the procedures set forth in this section. If any portion of subdivision (a) is declared invalid, then subdivision (b) shall be the exclusive means of amending or repealing this title.

(a) This title may be amended to further its purposes by statute, passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring and signed

by the Governor, if at least 12 days prior to passage in each house the bill in its final form has been delivered to the commission for distribution to the news media and to every person who has requested the commission to send copies of such bills to him or her.

(b) This title may be amended or repealed by a statute that becomes effective only when approved by the electors.

81013. Nothing in this title prevents the Legislature or any other state or local agency from imposing additional requirements on any person if the requirements do not prevent the person from complying with this title. If any act of the Legislature conflicts with the provisions of this title, this title shall prevail.

81014. Whenever any reference is made in this title to a federal or state statute and that statute has been or is subsequently repealed or amended, the Commission may promulgate regulations to carry out the intent of this title as nearly as possible.

81015. If any provision of this title, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this title to the extent it can be given effect, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby, and to this end the provisions of this title are severable.

81016. Chapter 8 of this title shall go into effect immediately.

The Director of Finance shall make sufficient funds available to the Secretary of State out of the emergency fund or any other fund of the state for the immediate implementation of Chapter 8. The remainder of this title shall go into effect on January 7, 1975. Wherever reference is made in this title to the effective date of this title, the date referred to is January 7, 1975.

GENERAL DUTIES

Liability for failure to complete business before expiration of term

24050. Each county officer shall complete the business of his office to the time of the expiration of his term. If at the close of his term any officer leaves to his successor any official labor to be performed which it was his duty to perform, he shall be liable to his successor for the full value of such services.

Annual inventory of county property

24051. (a) On or before July 10th in each year, or at any other interval designated by the board of supervisors, each county officer or person in charge of any office, department, service, or institution of the county, and the executive head of each special district whose affairs and funds are under the supervision and control of the board of supervisors or for which the board is ex officio the governing body shall file with the county clerk, or with the county auditor, according to the procedure prescribed by the

board, an inventory under oath, showing in detail all county property in his or her possession or in his or her charge at the close of business on the preceding June 30th.

(b) By ordinance the board of supervisors may prescribe an annual or any other period, provided that the period shall not be in excess of three years, for preparation of the inventory and a correspondingly different date for its filing, and may prescribe the manner and form in which the inventory shall be compiled. The inventories shall be kept of record by the county clerk or auditor for at least five years. Any inventory which has been on file for five years or more may be destroyed on order of the board of supervisors or may be destroyed at any time after the document has been reproduced in accordance with Section 26205.1.

(c) A true copy of the inventory shall be delivered by the person who made it to his or her successor in office, who shall receipt for it. The receipt shall be filed with the county clerk or county auditor.

Fees for publication of newspaper notices; penalties

24052. Whenever notice is required by law to be published in a newspaper by any officer of a county or judicial district, the person for whom the notice is to be given shall pay to the officer, if required, the fees for the publication, in advance. Failure of any officer to publish any notice required by law pertaining to the duties of his office is a misdemeanor.

Liability for illegal allowance of claims

24054. Any officer authorizing, aiding to authorize, auditing, allowing, or paying any claim or demand upon or against the treasury of any county, or any fund thereof, in violation of law or of the constitution is liable personally and upon his official bond to the person damaged by such illegal action, to the extent of his loss by reason of the nonpayment of his claim.

Administering the oath

24057. Every county officer and the officer's deputies may administer and certify oaths.

Ethics Training

53235. (a) If a local agency provides any type of compensation, salary, or stipend to a member of a legislative body, or provides reimbursement for actual and necessary expenses incurred by a member of a legislative body in the performance of official duties, then all local agency officials shall receive training in ethics pursuant to this article.

(b) Each local agency official shall receive at least two hours of training in general ethics principles and ethics laws relevant to his or her public service every two years.

53235.1. (a) Each local agency official in local agency service as of January 1, 2006, except for officials whose term of office ends before January 9, 2007, shall receive the training required by subdivision (a) of Section 53235 before January 1, 2007. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(b) Each local agency official who commences service with a local agency on or after January 1, 2006, shall receive the training required by subdivision (a) of Section 53235 no later than one year from the first day of service with the local agency. Thereafter,

each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(c) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies with which he or she serves.

53235.2. (a) A local agency that requires its local agency officials to complete the ethical training prescribed by this article shall maintain records indicating both of the following:

(1) The dates that local officials satisfied the requirements of this article.

(2) The entity that provided the training.

(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

DEPUTIES

Deputy included in principal's name

24100. Whenever the official name of any principal officer is used in any law conferring power or imposing duties or liabilities, it includes deputies.

Appointment: number of deputies

24101. Every county or district officer, except a supervisor or judicial officer, may appoint as many deputies as are necessary for the prompt and faithful discharge of the duties of his office.

Method of appointment; revocation

24102. An appointee shall not act as deputy until:

(a) A written appointment by the deputy's principal is filed with the county clerk.

(b) A copy of the appointment is filed with the county auditor, if the auditor has so requested.

(c) The deputy has taken the oath of office.

A revocation of the appointment of any deputy shall be made and filed in the same manner as the appointment.

Five years after the date of revocation of appointment of a deputy, the written oath of office subscribed to by such deputy may be destroyed and no reproduction thereof need be made or preserved.

Discharge of principal's duties

24105. If the office of any of the county officers enumerated in Section 24000 of this code is vacant the duties of such office may be temporarily discharged by a chief deputy, assistant or deputy of such officer, as the case may be, next in authority to such county officer in office at the time the vacancy occurs, with like authority and subject to the same obligations and penalties as such county officer, until the vacancy in the office is filled in the manner provided by

law; provided that if the vacancy occurs in the office of sheriff, the duties of such office shall be discharged by the undersheriff, or if that position is vacant, by the assistant sheriff, or if that position is also vacant, by the chief deputy next in line of authority.

OFFICIAL BONDS

Prescribing official bonds

24150. Prior to the primary election immediately preceding the election of county officers, the board of supervisors shall prescribe the amounts of the official bonds of the treasurer, county clerk, auditor, sheriff, tax collector, district attorney, recorder, assessor, surveyor, superintendent of schools, public administrator, and coroner.

Additional bond of tax collector

24152. Before qualifying the tax collector shall give an additional bond as license collector in such sum as is fixed by the board of supervisors.

Master bond

24154. As an alternative or supplementary to the bonds required by this chapter, the board of supervisors may include the county officers listed in this chapter as covered employees in any master bond used in their county in accordance with Section 1481 of this code.

Self-insurance in lieu of bonds; resolution; county, district and court officers and employees; determination

24156. The board of supervisors of any county may, by resolution, adopt a program of self-insurance in lieu of bonds for any officer or employee employed by such county, or for the officers or employees of any district, the governing board of which is the board of supervisors of the county adopting the resolution, or for any officer or attaché of any court supported in whole or in part by the adopting county. After the resolution is adopted, any or all requirements of law with respect to faithful performance or revolving fund bonds shall be inapplicable to such county, district or court or any officer or employee thereof; provided, however, that such a county shall provide for self-insurance, the amount of which shall be determined pursuant to the provisions of Sections 1480, 1481, 24150 and 24151.

Exercising functions of office without having qualified

1303. Every person who exercises any function of a public office without taking the oath of office, or without giving the required bond, is guilty of a misdemeanor.

This section does not affect the validity of acts done by a person exercising the functions of a public office in fact, where other persons than himself are interested in maintaining the validity of such acts.

Necessity of taking constitution oath

1360. Unless otherwise provided, before any officer enters on the duties of his office, he shall take and subscribe the oath or affirmation set forth in Section 3 of Article XX of the Constitution of California.

Place of filing

1363. (a) Unless otherwise provided, every oath of office certified by the officer before whom it was taken shall be filed within the time required as follows:

(1) The oath of all officers whose authority is not limited to any particular county, in the office of the Secretary of State.

(2) The oath of all officers elected or appointed for any county, and, except as provided in paragraph (4), of all officers whose duties are local, or whose residence in any particular county is prescribed by law, in the office of the county clerk of their respective counties.

(3) Each judge of a superior court, the county clerk, the executive officer or court administrator of the superior court, and the recorder shall file a copy of his or her official oath, signed with his or her own proper signature, in the office of the Secretary of State as soon as he or she has taken and subscribed his or her oath.

(4) The oath of all officers for any independent special district, as defined in Section 56044, in the office of the clerk or secretary of that district.

(b) Every oath of office filed pursuant to this section with the Secretary of State shall include the expiration date of the officer's term of office, if any. In the case of an oath of office for an appointed officer, if there is no expiration date set forth in the oath, or the officer leaves office before the expiration date, the appointing authority shall report in writing to the Secretary of State the officer's date of departure from office.

Payment of expenses

1367. No compensation nor reimbursement for expenses incurred shall be paid to any officer by any public agency unless he has taken and subscribed to the oath or affirmation required by this chapter

Bonds of treasurers and certain others; approval

1458. The bonds of supervisors, treasurers, county clerks, auditors, sheriffs, tax collectors, district attorneys, recorders, assessors, surveyors, superintendents of schools, public administrators, and coroners shall be approved by the presiding judge of the superior court before the bonds can be recorded and filed.

Bond of County Clerk; recording, filing

1459. After being recorded, the official bond of the county clerk shall be filed in the office of the county treasurer.

Master bond; form and content; term; beneficiary; approval of department of general services

1481. (a) When deemed expedient by the appointing power, a master official bond or other form of master bond may be used which shall provide coverage on more than one officer, employee, or agent who is required by the appointing power or the board of supervisors of a chartered or general law county to give bond.

(b) Notwithstanding any other provision of law, when deemed expedient by the legislative body of a local public agency, a master official bond or other form of master bond may be used which shall provide coverage on more than one officer, employee, or agent of the local public agency, whether elected or appointed, who is required by statute, regulation, the appointing power, the governing board of a local public agency, or the board of supervisors of a chartered or general law county to give bond.

(c) A master bond under this section shall be in the form and for the term which is approved by the appointing power or the legislative body of a local public agency, and shall inure to the benefit of the appointing power, state, or local public agency by whom the officer, employee, or agent is employed as well as the officer or officers under whom the employee or agent serves. If the master bond provides coverage on a public guardian or public administrator, then that master bond shall be for the joint benefit of the guardianship or administratorship estates, and the county to which the bond is issued.

(d) "Local public agency" means any city or county, whether general law or chartered, city and county, special district, school district, municipal corporation, political subdivision, joint powers authority or agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, or any board, commission, or agency thereof, or other local public agency, but shall not mean the state or any agency or department of the state.

(e) "Legislative body" means the board of supervisors of a county or city, or the governing board, by whatever name called, of a local public agency.

(f) In the case of the State of California, the form and content of the bond shall be subject to the approval of the Director of General Services.

Condition of official bond

1501. The condition of an official bond shall be that the principal will well, truly, and faithfully perform all official duties then required of him by law, and also all such additional duties as may be imposed on him by any existing law of the State or law enacted subsequently to the execution of the bond.

Obligation of bond

1504. Every official bond executed by any officer pursuant to law is in force and obligatory upon the principal and sureties therein for:

(a) Any and all breaches of the conditions thereof committed during the time such officer continues to discharge any of the duties of or hold the office, and whether such breaches are committed or suffered by the principal officer, his deputy, or clerk except that no officer of a county, city, or city and county, whose sole compensation by virtue of his office is a fixed salary established by the Legislature, the local governing body, or the board of supervisors, shall be personally liable for the negligent act or omission of any deputy or employee serving under him and performing the duties of his office, where the appointment or qualification of such deputy or employee is required to be and has been approved by the local governing body or the board of supervisors, or by the civil service commission, unless the officer failed to exercise due care in the selection appointment or

supervision of such deputy or employee, or negligently failed to suspend or secure the discharge of such deputy or employee after knowledge or notice of his inefficiency or incompetency, and except that no state officer shall be personally liable for the negligent act or omission of any deputy or employee serving under him and performing the duties of his office, where the appointment or qualification of such deputy or employee is required to be and has been approved by the State Personnel Board, unless such officer failed to exercise due care in the selection, appointment, or supervision of such deputy or employee, or negligently failed to suspend or secure the discharge of such deputy or employee after knowledge or notice of his inefficiency or incompetency.

Nothing in this section shall be interpreted as placing any liability upon the principal officer for the act of a deputy or employee unless such liability is otherwise imposed upon the principal officer by law, nor shall this section be construed or interpreted as releasing or relieving any such county, city, or city and county of any liability for the negligent act or omission of any such deputy or employee otherwise imposed by law.

(b) The faithful discharge of all duties which may be required of such officer by any law enacted subsequently to the execution of the bond.

County and judicial district officers; Nonperformance or misperformance of duties

1505. Whenever, except in criminal prosecutions, any special penalty, forfeiture, or liability is imposed on any officer of a county or judicial district for nonperformance or malperformance of official duties, the liability therefor attaches to the official bond of the officer, and to the principal and sureties thereon.

Disqualification as surety

1532. A member of the board of supervisors shall not be accepted as surety upon the official bond of any officer of a county or judicial district of his county. The sheriff, county clerk, tax collector, treasurer, recorder, auditor, assessor, or district attorney of the same county shall not become sureties upon official bonds for each other.

State, county, district, and city officers; payment of premiums on bonds

1651. The premium or charge for bonds given by surety companies for the officers, herein named, and for their deputies, clerks, assistants or subordinate officers shall be paid as follows:

(a) State officers, by the State.

(b) County officers, by the county.

(c) Officers of a judicial district, by the county in which the district is situated.

(d) School districts or other special district officers, by the school district or other special district, respectively.

(e) City officers, by the city.

Deputies, clerk, assistant or subordinate county Officers

1653. The payment of premiums for all bonds of deputies, clerks, assistants or subordinate officers of county officers shall not be a county charge unless the amount fixed for such bond has been approved by the board of supervisors.

RESIGNATIONS

Writing required; persons to whom made

1750. Resignations shall be in writing, and made as follows:

(a) By the Governor and Lieutenant Governor, to the Legislature, if it is in session; and if not, then to the Secretary of State.

(b) By all officers commissioned by the Governor, to the Governor.

(c) By Senators and Members of the Assembly, to the presiding officers of their respective houses, who shall immediately transmit the resignation to the Governor.

(d) By all officers of a county or special district other than an air pollution control district which includes territory in more than one county or a school district, not commissioned by the Governor, to the clerk of the board of supervisors of their respective counties, unless by the terms of the act under which a district is formed appointment to vacancies is made by other than the board of supervisors, in which case the resignation shall be submitted to the appointing body.

(e) By officers of a superior court, to the presiding judge.

(f) By officers of a municipal corporation, to the clerk of the legislative body of their corporation.

(g) By all other appointed officers, to the body or officer that appointed them.

1751. In all cases not otherwise provided for in this article or elsewhere, a resignation is made by filing the resignation in the office of the Secretary of State.

VACANCY OF OFFICE

Events causing vacancy before expiration to term

1770. An office becomes vacant on the happening of any of the following events before the expiration of the term:

(a) The death of the incumbent.

(b) An adjudication pursuant to a quo warranto proceeding declaring that the incumbent is physically or mentally incapacitated due to disease, illness, or accident and that there is reasonable cause to believe that the incumbent will not be able to perform the duties of his or her office for the remainder of his or her term.

This subdivision shall not apply to offices created by the California Constitution nor to federal or state legislators.

(c) His or her resignation.

(d) His or her removal from office.

(e) His or her ceasing to be an inhabitant of the state, or if the office be local and one for which local residence is required by law, of the district, county, or city for which the officer was chosen or appointed, or within which the duties of his or her office are required to be discharged.

(f) His or her absence from the state without the permission required by law beyond the period allowed by law.

(g) His or her ceasing to discharge the duties of his or her office for the period of three consecutive months, except when prevented by sickness, or when absent from the state with the permission required by law.

(h) His or her conviction of a felony or of any offense involving a violation of his or her official duties. An officer shall be deemed to have been convicted under this subdivision when trial court judgment is entered. For purposes of this subdivision, "trial court judgment" means a judgment by the trial court either sentencing the officer or otherwise upholding and implementing the plea, verdict, or finding.

(i) His or her refusal or neglect to file his or her required oath or bond within the time prescribed.

(j) The decision of a competent tribunal declaring void his or her election or appointment.

(k) The making of an order vacating his or her office or declaring the office vacant when the officer fails to furnish an additional or supplemental bond.

(l) His or her commitment to a hospital or sanitarium by a court of competent jurisdiction as a drug addict, dipsomaniac, inebriate, or stimulant addict; but in that event the office shall not be deemed vacant until the order of commitment has become final.

(m) (1) The incumbent is listed in the Excluded Parties List System and all of the following subparagraphs apply:

(A) The office is one that the incumbent holds ex officio, by virtue of holding another office, or as an appointee.

(B) The appointed or ex officio office is on the governing board of a local agency that is, or may reasonably be expected to be, a participant or principal in a covered transaction, pursuant to federal law.

(C) A federal agency head or designee has not granted the incumbent an exception, in writing, permitting the incumbent to participate in a particular covered transaction in which the local agency is, or may reasonably be expected to be, a participant or principal.

(2) For purposes of this subdivision, the following terms have the following meanings:

(A) "Excluded Parties List System" means the list maintained and disseminated by the federal General Services Administration containing names of, and other information about, persons who are debarred, suspended, disqualified, or

otherwise excluded from participating in a covered transaction, pursuant to federal law.

(B) "Local agency" includes, but is not limited to, a county, whether general law or chartered, city, whether general law or chartered, city and county, school district, municipal corporation, district, political subdivision, or any board, commission, or agency of one of these entities.

(C) "Federal law" includes, but is not limited to, federal regulations adopted pursuant to Section 2455 of Public Law 103-355 (108 Stat. 3327), Executive Order No. 11738, Executive Order No. 12549, and Executive Order No. 12689.

(3) This subdivision shall not apply to an elective office.

Disqualification from office

1770.1. The disqualification from holding office upon conviction, as provided in Section 1021, or the forfeiture of office upon conviction, as provided in subdivision (h) of Section 1770 and Section 3000, is neither stayed by the initiation of an appeal from the conviction, nor set aside by the successful prosecuting of an appeal from the conviction by the person suffering the conviction.

No assumption of office

1770.2. Upon the entry of a plea of guilty, the entry of a plea of nolo contendere, or the rendering of a verdict of a guilty either by a jury or by the court sitting without a jury of a public offense, the conviction of which would invoke the provisions of Section 1021, subdivision (h) of Section 1770, or Section 3000, the person found guilty shall not assume the office for which the person is otherwise qualified or shall be suspended immediately from the office the person then holds. During the time of inability to assume an office or of suspension from office, the person shall not be entitled to receive the emoluments of the office, including, but not limited to, the exercise of the powers of the office, the rights to be seated in the office, and the compensation, including benefits, prescribed for the office.

In the event the trial court sets aside or otherwise nullifies the plea or verdict before the trial court judgment is entered, the inability to assume office or the suspension from holding office shall be lifted, and the person suspended from office shall be restored to office with its emoluments, including those that would have otherwise accrued during the suspension, excluding, however, interest on any monetary payment.

Rights and obligations of person filling vacancy

1777. After filing his official oath and bond, any person elected or appointed to fill a vacancy possesses all the rights and powers and is subject to all the liabilities, duties, and obligations of the officer whose vacancy he fills.

Filling Vacancy by Appointment of Board of Supervisors

25304. The board of supervisors shall fill by appointment all vacancies that occur in any office filled by the appointment of the board and elective county officers, except judge of the superior court and supervisors. The appointee shall hold office for the unexpired term or until the first Monday after January lst succeeding the next general election.

ELECTION

Election date of county officers; beginning of term

24200. Except as otherwise provided, all elective county officers shall be elected at the general election at which the Governor is elected, and take office at 12 o'clock noon on the first Monday after the January 1st succeeding their election.

OFFICES AND OFFICE HOURS

Offices

24250. Sheriffs, clerks, recorders, treasurers, and auditors, shall have their offices at the county seat in the courthouse, hall of records, jail, or other buildings. However, these officials may situate their offices outside the county seat, provided that the offices are conveniently located and easily accessible to the public, and notice of their location is prominently displayed in the county administration building and other appropriate county facilities.

Office Hours

24260. In all counties county officers shall keep their offices open for the transaction of business during such hours and on such days as are fixed by the board of supervisors by ordinance or resolution.

CONSOLIDATION OF OFFICES

Combinations authorized

24300. By ordinance the board of supervisors may consolidate the duties of certain of the county offices in one or more of these combinations:

(a) Sheriff and tax collector.

(b) Auditor and recorder.

(c) County clerk, auditor, and recorder.

(d) County clerk and public administrator.

(e) County clerk and recorder.

(f) County clerk and auditor.

(g) Treasurer and tax collector.

(h) Treasurer and recorder.

(i) Treasurer and assessor.

(j) Treasurer and public administrator.

(k) Public administrator and coroner.

(l) District attorney and public administrator.

(m) District attorney and coroner.

(n) Sheriff and coroner.

(o) Sheriff and public administrator.

(p) County agricultural commissioner and county sealer of weights and measures.

(q) Road commissioner and surveyor. A county may create an office entitled

public works director, combining the duties of road commissioner and surveyor and any other compatible duties not legally required to be performed by another county officer.

(r) County surveyor and director of transportation.

By the ordinance that consolidates the duties of the appointive county offices described in subdivision (p), notwithstanding Section 2122 and Sections 2181 to 2187, inclusive, of the Food and Agricultural Code, and Sections 12200 and 12214 of the Business and Professions Code, the board of supervisors may provide that the first term only of the newly consolidated office expires when the first of the remaining unexpired terms of the two unconsolidated offices would have expired. Where a vacancy in either of the unconsolidated offices exists the term of office of the newly consolidated office shall be the longer of the remaining unexpired terms.

Consolidation of offices of auditor, controller, treasurer, tax collector and director of finance

24300.5. In addition to the duties of the county offices which may be consolidated under the provisions of Section 24300, the board of supervisors may by ordinance consolidate the offices of auditor, controller, treasurer, tax collector, and director of finance.

Treasurer/Tax Collector Qualifications

27000.7. (a) No person shall be eligible for election or appointment to the office of county treasurer, county tax collector, or county treasurer-tax collector of any county unless that person meets at least one of the following criteria:

(1) The person has served in a senior financial management position in a county, city, or other public agency dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.

(2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code, showing that person to be, and a permit authorizing that person to practice as, a certified public accountant.

(4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(5) The person possesses a valid certificate issued by the Treasury Management Association showing the person to be designated a Certified Cash Manager, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(b) This section shall only apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 1998.

Auditor Qualifications

26945. No person shall hereafter be elected or appointed to the office of county auditor of any county unless the person meets at least one of the following criteria:

(a) The person possesses a valid certificate issued by the California Board of Accountancy under Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code showing the person to be, and a permit authorizing the person to practice as, a certified public accountant or as a public accountant.

(b) The person possesses a baccalaureate degree from an accredited university, college, or other four-year institution, with a major in accounting or its equivalent, as described in subdivision (a) of Section 5081.1 of the Business and Professions Code, and has served within the last five years in a senior fiscal management position in a county, city, or other public agency, a private firm, or a nonprofit organization, dealing with similar fiscal responsibilities, for a continuous period of not less than three years.

(c) The person possesses a certificate issued by the Institute of Internal Auditors showing the person to be a designated professional internal auditor, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(d) The person has served as county auditor, chief deputy county auditor, or chief assistant county auditor for a continuous period of not less than three years.

26945.1. (a) Any person serving in the capacity of county auditor shall complete at least 40 hours of qualifying continuing education, pursuant to subdivision (b), for each two-year period, beginning January 1, 1998, and completing at least 10 hours in each year of the two-year period. At least 20 of the 40 hours of continuing education shall be obtained in governmental accounting, auditing, or related subjects.

(b) Qualifying continuing education may be obtained in the areas of accounting, auditing, or related subjects. In addition, qualifying continuing education may be obtained in any other subject, if it can be demonstrated that the specific educational program contributes to professional competence.

(c) With respect to a county auditor who is a licensee of the California Board of Accountancy, or of the accountancy licensing authority of any other state, or who possesses a certificate issued by the Institute of Internal Auditors, continuing education obtained for purposes of renewal of the license or certificate may be applied to satisfy the requirements of this section.

Director of Finance

26980. The board of supervisors of any county may establish the office of director of finance.

(a) The board of supervisors shall submit to the electors of the county the question of whether the office of director of finance shall be established. If a majority of the voters voting on the question at that election favor the establishment of the office, the board of supervisors shall, by ordinance, create the office.

(b) The board of supervisors at that election may also submit to the voters the question of whether the office, if so established, shall be elective, or appointed by the board of supervisors. If a majority of the voters voting on the question favor making the office elective, the board of supervisors shall, in the ordinance creating the office, make it an elective one.

(c) Any person may be appointed by the board of supervisors, or be a candidate for election, to the office of director of finance, consolidated from other offices pursuant to this chapter, if he or she meets the qualifications set forth in Section 26945 or Section 27000.7.

Counties of thirteenth to fifty-seven class, Office subject to consolidation

24304. Notwithstanding the provisions of Section 24300, in counties of the 13th to 58th classes, inclusive, the board of supervisors by ordinance may consolidate the duties of certain of the county offices in one or more of these combinations:

(a) Sheriff and tax collector.

(b) Auditor and recorder.

(c) County clerk, auditor, and recorder.

(d) County clerk and public administrator.

(e) County clerk and recorder.

(f) County clerk and auditor.

(g) Treasurer and tax collector.

(h) Treasurer and recorder.

(i) Treasurer and assessor.

(j) Treasurer and public administrator.

(k) Public administrator and coroner.

(l) District attorney and public administrator.

(m) District attorney and coroner.

(n) Sheriff and coroner.

(o) Sheriff and public administrator.

(p) County agricultural commissioner and county sealer of weights and measures.

(q) County clerk and tax collector.

(r) Treasurer, tax collector, and recorder.

(s) Sheriff, tax collector, and coroner.

(t) Coroner and health officer.

(u) Road commissioner and surveyor. A county may create an office entitled public works director, combining the duties of road commissioner and surveyor and any other compatible duties not legally required to be performed by another county officer.

(v) Sheriff, coroner, and public administrator.

(w) Treasurer, tax collector, and public administrator.

(x) County clerk, assessor, and recorder.

(y) Assessor and recorder.

(z) Tax collector/county clerk and treasurer.

FEES

Collection and payment of fees into county treasury

24350. Each salaried officer of a county shall charge and collect for the use of his or her county and pay into the county treasury on or before the fifth day of each month the fees allowed by law in all cases, except those or a percentage of them allowed him or her, and those which are a charge against the county.

No salaried officer who collects fees pursuant to this section shall be required to accept coin in payment of those fees.

Deposit and withdrawal of trust moneys

24351. Unless otherwise specifically provided for by law, each officer of a county shall on the certificate of the auditor immediately deposit in the county treasury all trust money coming into the officer's possession officially. Trust money so deposited shall be withdrawn only on a warrant issued by the county auditor drawn upon requisition of the officer depositing the money.

Duty to keep records

24352. Each officer authorized to receive fees pursuant to this title shall keep, in accordance with the guidelines of the Controller, a monthly record of all fees or compensation and fines of whatever nature, kind, or description, collected or chargeable. The record shall be open to public inspection during office hours.

Officers authorized to collect money; Payment into county treasury

24353. Each officer of a county authorized to collect money shall pay into the county treasury all money collected by him or her, or under his or her control, that is payable into the treasury in a timely manner, and shall remit fee, fine, and forfeiture data within 35 days after the end of the month in which they are collected to the county auditor and treasurer in the form they require. No officer who collects money as described in this section shall be required to accept payment in coin. If the county auditor finds that an officer of the county has failed to comply with the requirements for payment of moneys pursuant to this section or Section 68101, which directly results in the assessment of a financial penalty pursuant to Section 68085, the county department that failed to comply shall reimburse the county general fund in an amount equal to the actual penalty. With the approval of the treasurer as provided in Section 27080.1, each depositing officer may deposit directly into the treasurer's active account all money payable into the county treasury.

COUNTY OFFICE OF TREASURER

DUTIES GENERAL

Custody and payment of moneys

27000. The county treasurer shall receive and keep safely all money belonging to the county and all other money directed by law to be paid to him and apply and pay it out, rendering the account as required by law.

Delegation of investment authority

27000.1. Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607. Nothing in this section shall limit the county treasurer's authority pursuant to Section 53635 or 53684.

Fiduciary responsibility; prudent investor standard

27000.3.(a) With regard to county funds deposited in the county treasury, the board of supervisors is the agent of the county who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred pursuant to Section 53607 in which case the county treasurer shall be the agent of the county with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard and the board of supervisors shall not be the agent, serve as a fiduciary, or be subject to the prudent investor standard.

(b) With regard to funds deposited in the county treasury that are deposited by local agencies other than the county and at the discretion of those local agencies, the county treasurer serves as a fiduciary subject to the prudent investor standard.

(c) When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors.

Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

Investment objectives

27000.5. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of the county treasurer or the board of supervisors, as the case may be, shall be to safeguard the principal of the funds under the treasurer's or the board's control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control.

Optional Board of Supervisor ordinance required

27000.6. The provisions of Sections 27000.7, 27000.8, and 27000.9 shall become effective only in those counties in which, prior to the first date of the period for filing declarations of candidacy for the office of county treasurer, county tax collector, or county treasurer-tax collector, the board of supervisors by majority vote at a regular meeting with all members present, enact an ordinance adopting the provisions of those sections. That ordinance may be repealed by the board of supervisors at any time.

Treasurer and/or tax collector qualifications

27000.7. (a) No person shall be eligible for election or appointment to the office of county treasurer, county tax collector, or county treasurer-tax collector of any county unless that person meets at least one of the following criteria:

(1) The person has served in a senior financial management position in a county, city, or other public agency dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.

(2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code, showing that person to be, and a permit authorizing that person to practice as, a certified public accountant.

(4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(5) The person possesses a valid certificate issued by the Treasury Management Association showing the person to be designated a Certified Cash Manager, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(b) This section shall only apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 1998.

Continuing education for elected officer

27000.8. Any duly elected county treasurer, county tax collector, or county treasurer-tax collector serving in that office on January 1, 1996, may serve for his or her remaining term of office during which period of time the requirements of this section shall not apply. After the election of a county treasurer, county tax collector, or county treasurer-tax collector to office, that person shall complete a valid continuing course of study as prescribed in this section, and shall during the person's four-year term of office on or before June 30 of the fourth year, render to the Controller a certification indicating that the person has successfully completed a continuing education program consisting of, at a minimum, 48 hours, or an equivalent amount of continuing education units within the discipline of treasury management, tax collection, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any elected county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

Continuing education for appointed officer

27000.9. Notwithstanding any other requirement of law, any duly appointed county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector shall, beginning in 2000, complete a valid continuing course of study as prescribed in this section, and shall, on or before June 30 of each two-year period, render to the Controller, a certification indicating that the county officer has successfully completed a continuing education program consisting of, at a minimum, 24 hours or an equivalent amount of continuing education units within the discipline of treasury management, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

Certificates of auditor; filing

27001. The treasurer shall file and keep the certificates of the auditor delivered to him or her when money is paid into the treasury.

Notwithstanding Sections 26201, 26202, and 26205, the treasurer may destroy any certificate pursuant to this section under either of the following circumstances:

(a) The certificate has been filed for more than five years.

(b) The certificate has been filed for more than one year, and all of the following conditions are complied with:

(1) The record, paper, or document is photographed, microphotographed, reproduced by electronically recorded video images on magnetic surfaces, or recorded on optical disk or reproduced on any other medium that does not permit additions, deletions, or changes to the original document and is produced in compliance with Section 12168.7 for recording of permanent records or nonpermanent records if the copy is kept or maintained for five years from the date of the document.

(2) The device used to reproduce the record, paper, or document on film or any other medium is one that accurately reproduces the original thereof in all details. A duplicate copy of any record reproduced in compliance with Section 12168.7 for recording of permanent or nonpermanent records, whichever applies, shall be deemed an original.

(3) The photographs, microphotographs, or other reproductions on film or any other medium are placed in conveniently accessible files and provision is made for preserving, examining, and using the same.

(4) The record, paper, or document is reproduced and preserved utilizing other information technology.

Account of receipts and expenditures; requisites

27002. The treasurer shall keep an account of the receipt and expenditure of all money received or paid out by him or her in books provided for the purpose. He or she shall enter in the books the amount, the time, from whom, and on what account all money was received by him or her, and the warrant number, the amount, time, and on what account all disbursements were made by him or her.

27002.1 (a) The treasurer may, in lieu of entering in books an account of the receipt and expenditure of all money received or paid out by him or her as provided in Section 27002, photograph, microphotograph, photocopy, or enter into an electronic data-processing system that utilizes optical transmission and filing, all receipts for money received by him or her and all warrants paid out by him or her.

(b) Every reproduction described in subdivision (a) shall be deemed and considered an original, and a transcript, exemplification, or certified copy of any of those reproductions shall be deemed and considered a transcript, exemplification, or certified copy, as the case may be, of the original.

(c) All reproductions described in subdivision (a) shall be properly indexed and placed in convenient, accessible files. Each roll of microfilm shall be deemed and constitute a book, and shall be designated and numbered, and provision shall be made for preserving, examining, and using it.

A duplicate of each roll of microfilm shall be made and kept in a safe and separate place.

Photographic records of receipts and expenditures

27003. The treasurer shall keep his or her books or any other authorized form of record so that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, and the whole receipts and expenditures shown in one general or cash account.

Disbursements to be on warrants only

27005. The treasurer shall disburse the county money and all other money placed in his or her custody by official authority only on county *warrants*, *checks*, or *electronic fund transfers* issued by the county auditor, except for the making of legal investments.

What warrants are based on; Manner of paying warrants

27006. The treasurer shall disburse the money in the treasury on county warrants only when they are based on orders of the board of supervisors, upon order of the superior court, or as otherwise provided by law. In the payment of the warrants he may issue his order, check, or draft drawn upon proper funds that are on deposit in any bank.

When warrants become void and when such warrants are replaceable

29802. (a) Unless otherwise provided by ordinance, any warrant issued is void if not presented to the county treasurer for payment within six months after its date.

Whenever, under the provisions of this section, warrants drawn on trust funds became void, the moneys in the county treasury represented by the warrants may be transferred to the general fund of the county by the county auditor unless disposition is otherwise provided by law.

(b) Any time within two years from the date on which the original warrant became void, the payee or assignee of any warrant which is void as provided in this section may present the warrant to the governing body of the agency on which the warrant was drawn, or declare by affidavit that the warrant has been lost or destroyed, and the governing body may by resolution authorize the auditor to draw new warrants within the limitations prescribed by the resolution without prior individual order of the governing body, provided the limitations prescribed by this section have been complied with. The new warrant shall be subject to the same limitations as the original warrant which it replaces.

(c) If, at any time after a period of two years from the date on which the original warrant became void, or during such other period of time as specified by ordinance, the payee or assignee presents such warrant to the governing body of the agency on which the warrant was drawn, the governing body may adopt an order instructing the county auditor to draw a new warrant in favor of the payee or assignee in the same amount as the original warrant, or the governing body, by resolution, may authorize the auditor, without prior individual order of the governing body, to draw warrants within the limitations prescribed by the resolution in any case in which the auditor determines that it would be inequitable or unreasonable not to draw the warrant, and money is available in the county treasury to make payment on the indebtedness. If the auditor deems it necessary, he or she may present a voided warrant to

the governing body for its review, approval, and appropriation of funds. Any such new warrant shall be subject to the same limitations as the original warrant which it replaces.

Negotiable Paper

6150. Any officer of a county who is not specifically authorized by statute so to do may be authorized by the board of supervisors of the county to accept negotiable paper in payment for any license, permit, or fee, in payment of any other obligation owing to such county, or in payment of any trust deposit. Such authorization may be withdrawn at any time by the board of supervisors and may be given under such conditions as the board of supervisors by resolution shall establish. Any officer so authorized may, at his discretion, accept negotiable paper in payment for any license, permit, or fee, in payment of any other obligation owing to such county, or in payment of any trust deposit.

Credit Cards

6159. (a) The following definitions apply for purposes of this section:

(1) "Credit card" means any card, plate, coupon book, or other credit device existing for the purpose of being used from time to time upon presentation to obtain money, property, labor, or services on credit.

(2) "Card issuer" means any person, or his or her agent, who issues a credit card and purchases credit card drafts.

(3) "Cardholder" means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

(4) "Debit card" means a card or other means of access to a debit card cardholder's account that may be used to initiate electronic funds transfers from that account.

(5) "Draft purchaser" means any person who purchases credit card drafts.

(6) "Electronic funds transfer" means any method by which a person permits electronic access to, and transfer of, money held in an account by that person.

(b) Subject to subdivisions (c) and (d), a court, city, county, city and county, or other public agency may authorize the acceptance of a credit card, debit card, or electronic funds transfer for any of the following:

(1) The payment for the deposit of bail for any offense not declared to be a felony or for any court-ordered fee, fine, forfeiture, penalty, assessment, or restitution. Use of a card or electronic funds transfer pursuant to this paragraph may include a requirement that the defendant be charged any administrative fee charged by the company issuing the card or processing the account for the cost of the transaction.

(2) The payment of a filing fee or other court fee.

(3) The payment of any towage or storage costs for a vehicle that has been removed from a highway, or from public or private property, as a result of parking violations.

(4) The payment of child, family, or spousal support, including reimbursement of public assistance, related fees, costs, or penalties, with the authorization of the cardholder or accountholder.

(5) The payment for services rendered by any city, county, city and county, or other public agency.

(6) The payment of any fee, charge, or tax due a city, county, city and county, or other public agency.

(7) The payment of any moneys payable to the sheriff pursuant to a levy under a writ of attachment or writ of execution. If the use of a card or electronic funds transfer pursuant to this paragraph includes any administrative fee charged by the company issuing the card or processing the account for the cost of the transaction, that fee shall be paid by the person who pays the money to the sheriff pursuant to the levy.

(8) The payment of a donation, gift, bequest, or devise made to or in favor of a county, or to or in favor of the board of supervisors of a county, pursuant to Section 25355.

(c) A court desiring to authorize the use of a credit card, debit card, or electronic funds transfer pursuant to subdivision (b) shall obtain the approval of the Judicial Council. A city desiring to authorize the use of a credit card, debit card, or electronic funds transfer pursuant to subdivision (b) shall obtain the approval of its city council. Any other public agency desiring to authorize the use of a credit card, debit card, or electronic funds transfer pursuant to subdivision (b) shall obtain the approval of the governing body that has fiscal responsibility for that agency.

(d) After approval is obtained, a contract may be executed with one or more credit card issuers, debit card issuers, electronic funds transfer processors, or draft purchasers. The contract shall provide for the following matters:

(1) The respective rights and duties of the court, city, county, city and county, or other public agency and card issuer, funds processor, or draft purchaser regarding the presentment, acceptability, and payment of credit and debit card drafts and electronic funds transfer requests.

(2) The establishment of a reasonable means by which to facilitate payment settlements.

(3) The payment to the card issuer, funds processor, or draft purchaser of a reasonable fee or discount.

(4) Any other matters appropriately included in contracts with respect to the purchase of credit and debit card drafts and processing of electronic funds transfer requests as may be agreed upon by the parties to the contract.

(e) The honoring of a credit card, debit card, or electronic funds transfer pursuant to subdivision (b) hereof constitutes payment of the amount owing to the court, city, county, city and county, or other public agency as of the date the credit or debit card

is honored or the electronic funds transfer is processed, provided the credit or debit card draft is paid following its due presentment to a card issuer or draft purchaser or the electronic funds transfer is completed with transfer to the agency requesting the transfer.

(f) If any credit or debit card draft is not paid following due presentment to a card issuer or draft purchaser or is charged back to the court, city, county, city and county, or other public agency for any reason, any record of payment made by the court, city, or other public agency honoring the credit or debit card shall be void. If any electronic funds transfer request is not completed with transfer to the agency requesting the transfer or is charged back to the agency for any reason, any record of payment made by the agency processing the electronic funds transfer shall be void. Any receipt issued in acknowledgment of payment shall also be void. The obligation of the cardholder or accountholder shall continue as an outstanding obligation as if no payment had been attempted.

(g) If a credit card, debit card draft, electronic funds transfer, or other payment offered in payment is returned without payment, for any reason, a reasonable charge for the charge back or return, not to exceed the actual costs incurred by the public agency, may be imposed to recover the public agency's processing and collection costs. This charge may be added to, and become part of, any underlying obligation other than an obligation which constitutes a lien on real property, and a different method of payment for that payment and future payments by this person may be prescribed

(h) Notwithstanding Title 1.3 (commencing with Section 1747) of Part 4 of Division 3 of the Civil Code, a court, city, county, city and county, or any other public agency may impose a fee for the use of a credit or debit card or electronic funds transfer, not to exceed the costs incurred by the agency in providing for payment by credit or debit card or electronic funds transfer. These costs may include, but shall not be limited to, the payment of fees or discounts as specified in paragraph (3) of subdivision (d). Any fee imposed by a court pursuant to this subdivision shall be approved by the Judicial Council. Any fee imposed by any other public agency pursuant to this subdivision for the use of a credit or debit card or electronic funds transfer shall be approved by the governing body responsible for the fiscal decisions of the public agency.

(i) Fees or discounts provided for under paragraph (3) of subdivision (d) shall be deducted or accounted for prior to any statutory or other distribution of funds received from the card issuer, funds processor, or draft purchaser to the extent not recovered from the cardholder or accountholder pursuant to subdivision (g).

(j) The Judicial Council may enter into a master agreement with one or more credit or debit card issuers, funds processors, or draft purchasers for the acceptance and payment of credit or debit card drafts and electronic funds transfer requests received by the courts. Any court may join in any of these master agreements or may enter into a separate agreement with a credit or debit card issuer, funds processor, or draft purchaser.

Possession of money belong to other county or State; Special deposits

27007. The treasurer shall keep all money belonging to the State, or any county of the State in his own possession until disbursed according to law. He shall not place the money in the possession of any person to be used for any purpose, nor shall he loan or in any manner use, or permit any person to use it, except as provided by law. This section does not prohibit him from making special deposits for the safe-keeping of public money, but he is liable therefore on his official bond.

Certificates of auditor necessary for receipt of money

27008. (a) The treasurer shall not receive money into the treasury or for deposit with him or her as treasurer, unless it is accompanied by the certificate of the auditor.

(b) Notwithstanding subdivision (a), the auditor and treasurer may establish alternate control procedures for the treasurer to receive or deposit money without the certificate of the auditor.

Receipt for money paid to treasurer; Deposit of receipt

27009. The treasurer shall give a receipt to each person who deposits money into the county treasury.

Receipt of gifts and bequests

27010. The treasurer may receive any money constituting gift, bequest, or devise, and pay it out in accordance with the terms thereof, or, if none are fixed, according to law.

Deposit of private money prohibited: Penalty

27011. Any county officer who knowingly accepts or allows any deposit in the county treasury of money from any private and unofficial source is guilty of a misdemeanor, punishable by imprisonment in the county jail for not less than six months nor more than one year, or by a fine of not less than five hundred dollars ($500) and not more than five thousand dollars ($5,000), or by both that fine and imprisonment, and shall forfeit his or her office.

Conference between controller and treasurer respecting operations, procedures and related matters: expenses

27012. The Controller may summon county treasurers or the authorized representative of any county treasurer to meet with the Controller or his or her duly authorized representatives, in those groups and at that place or those places within the state as may be designated by the Controller for the purpose of discussing the interpretation, procedures, uniformity of operation, and efficient administration of the Revenue and Taxation Code and the Government Code. The actual and necessary expenses of any county officer or his or her authorized representative that are incurred while traveling to and from or while attending any meeting called pursuant to this section by the Controller shall be a charge against the county, to be paid in the same manner as other county charges are paid, provided that prior approval of the board of supervisors has been obtained.

Administrative costs of investing, depositing or handling funds; reimbursement of the county

27013. Notwithstanding any other provision of law, any treasurer, or other authorized county officer, who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund.

Unclaimed Monies

50050. For purposes of this article, "local agency" includes all districts. Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency. At the expiration of the three-year period, money representing restitution collected on behalf of victims shall be deposited into the Restitution Fund or used by the local agency for purposes of victim services. If a local agency elects to use the money for purposes of victim services, the local agency shall first document that it has made a reasonable effort to locate and notify the victim to whom the restitution is owed. The local agency may utilize fees collected pursuant to subdivision (l) of Section 1203.1 or subdivision (f) of Section 2085.5 of the Penal Code to offset the reasonable cost of locating and notifying the victim to whom restitution is owed.

With respect to moneys deposited with the county treasurer pursuant to Section 7663 of the Probate Code, this three-year period to claim money held by a local agency is extended for an infant or person of unsound mind until one year from the date his or her disability ceases.

For purposes of this section, "infant" and "person of unsound mind" have the same meaning as given to those terms as used in Section 1441 of the Code of Civil Procedure.

50051. The notice shall state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the local agency on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice.

50052. Upon or prior to publication, a party of interest may file a claim with the treasurer which must include the claimant's name, address, amount of claim, the grounds on which the claim is founded, and any other information that may be required by the treasurer. The claim shall be filed before the date the unclaimed money becomes the property of the local agency as provided under Section 50051 and the treasurer shall accept or reject that claim. If the claim is rejected by the treasurer, the party who submitted the claim may file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within the county in which the notice is published, and serves a copy of the complaint and the summons issued thereon upon the treasurer. The copy of the complaint and summons shall be served within 30 days of receiving notice that the claim was rejected.

The treasurer shall withhold the release of the portion of unclaimed money for which a court action has been filed as provided in this section until a decision is rendered by the court.

50052.5. (a) Notwithstanding Section 50052, the treasurer may release to the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative, unclaimed money if claimed prior to the date the money becomes the property of the local agency upon submitting proof satisfactory to the treasurer, unless the unclaimed money is deposited pursuant to Section 7663 of the Probate Code.

(b) Notwithstanding Section 50052, the treasurer may release unclaimed money deposited with the county treasurer pursuant to Section 7663 of the Probate Code, to any adult blood relative of either the decedent or the decedent's predeceased spouse.

(c) Notwithstanding Section 50052, the treasurer may release unclaimed money deposited with the county treasurer pursuant to Section 7663 of the Probate Code to the parent who has legal and physical custody of a minor who is a blood relative of either the decedent or the decedent's predeceased spouse without the need to appoint a legal guardian for the minor as follows:

(1) If the value of the unclaimed money deposited with the county treasurer is five thousand dollars ($5,000) or less, the treasurer may release the money according to Section 3401 of the Probate Code.

(2) If the value of the unclaimed money deposited with the county treasurer is sixty thousand dollars ($60,000) or less, and the money is not released under paragraph (1), the unclaimed money may be released by the treasurer to the parent who shall, after payment of any costs incurred in making the claim, hold the money in trust, to be used only for the care, maintenance, and education of the minor, and the parent shall be liable therefor to the minor under the fiduciary laws of this state. The money held in trust shall be released to the minor when the minor reaches the age of majority.

(d) The claim shall be presented to the county treasurer in affidavit form and signed under penalty of perjury. Notwithstanding Section 13101 of the Probate Code, the claimant, to be entitled to the entire escheated estate, needs only to establish with documentary proof the existence of a blood relationship to either the decedent or of the predeceased spouse, if any, and the documentary proof, if regular on its face, need not be certified. Notwithstanding Section 13101 of the Probate Code, the claimant shall not be required to declare that no other person has an equal or superior claim to the escheated estate.

The county treasurer may rely in good faith on the sworn statements made in the claim and shall have no duty to inquire into the truth or credibility of evidence submitted.

In paying out the escheated estate, the county treasurer shall be held harmless to all. Payment shall act as total acquittance and shall completely discharge the county treasurer from any liability.

If the county treasurer rejects any claim made hereunder, the claimant may take his or her grievance to the Superior Court of the county holding the escheated estate.

Any claim paid hereunder shall be paid without interest.

50053. When any such money becomes the property of a local agency and is in a special fund, the legislative body may transfer it to the general fund.

50054. Whenever any city or county or city and county renders construction services or constructs public works for any city, county, city and county or any other governmental agency below the level of the state government, the price charged for such services or construction shall be sufficient to reimburse the governmental body performing such services for the full cost thereof including labor, material, equipment costs or rentals and a reasonable allowance for overhead. In computing overhead, without limitation on other factors properly includable, there shall be allocated to the overhead cost its proportionate share of indirect labor and administrative costs.

50055. Any other provision of this article notwithstanding, any individual items of less than fifteen dollars ($15), or any amount if the depositor's name is unknown, which remain unclaimed in the treasury or in the official custody of an officer of a local agency for the period of one year or upon an order of the court may be transferred to the general fund by the legislative body without the necessity of publication of a notice in a newspaper.

50056. The responsibilities of the treasurer as provided under this article may be delegated by the treasurer to the agency, district, or department that maintains the supporting records of the unclaimed money based on the initial receipt or deposit of that money or both.

50057. For individual items in the amount of five thousand dollars ($5,000) or less, the legislative body of any county may, by resolution, authorize the county treasurer to perform on its behalf any act required or authorized to be performed by it under Sections 50050, 50053, and 50055. The resolution shall require that the county auditor be informed of each act performed under the authorization.

Unclaimed Property Delivered to County Officer: Penal Code

1411. (a) If the ownership of the property stolen or embezzled and the address of the owner, and the address of the owner of a security interest therein, can be reasonably ascertained, the peace officer who took custody of the property shall notify the owner, and a person having a security interest therein, by letter of the location of the property and the method by which the owner may obtain it. This notice shall be given upon the conviction of a person for an offense involving the theft, embezzlement, or possession of the property, or if a conviction was not obtained, upon the making of a decision by the district attorney not to file the case or upon the termination of the proceedings in the case. Except as provided in Section 217 of the Welfare and Institutions Code, if the property stolen or embezzled is not claimed by the owner before the expiration of three months after the giving of this notice, or, in any case in which such a notice is not given, before the expiration of six months from the conviction of a person for an offense involving the theft, embezzlement, or possession of the

property, or if a conviction was not obtained, then from the time the property came into the possession of the peace officer or the case involving the person from whom it was obtained is disposed of, whichever is later, the magistrate or other officer having it in custody may, on the payment of the necessary expenses incurred in its preservation, deliver it to the county treasurer or other proper county officer, by whom it shall be sold and the proceeds paid into the county treasury.

However, notwithstanding any other provision of law, if the person from whom custody of the property was taken is a secondhand dealer or licensed pawnbroker and reasonable but unsuccessful efforts have been made to notify the owner of the property and the property is no longer needed for the criminal proceeding, the property shall be returned to the secondhand dealer or pawnbroker who had custody of the property and be treated as regularly acquired property. If the property is transferred to the county purchasing agent it may be sold in the manner provided by Article 7 (commencing with Section 25500) of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code for the sale of surplus personal property. If the county officer determines that any of the property transferred to him or her for sale is needed for a public use, the property may be retained by the county and need not be sold. The magistrate or other officer having the property in custody may, however, provide for the sale of the property in the manner provided for the sale of unclaimed property which has been held for at least three months pursuant to Section 2080.4 of the Civil Code.

(b) This section shall not govern the disposition of property placed on hold pursuant to Section 21647 of the Business and Professions Code, notwithstanding the current custodial status of the property, unless the licensed pawnbroker or secondhand dealer, after receipt of the written advisement required by subdivision (h) of Section 21647 of the Business and Professions Code, willfully refuses to consent to a statutory hold as provided by Section 21647 of the Business and Professions Code or a search warrant for the business of the licensed pawnbroker or secondhand dealer has resulted in the seizure of the property subject to this section.

County Treasurer Depository of District Money

61730. The board shall designate the county treasurer of a county in which the district is situated to be the depositary and have custody of all district's money.

Revolving Fund for Certain Districts for Specific Purposes

23014. Pursuant to a resolution adopted by its board of supervisors by a four-fifths vote of all of the members of the board of supervisors, a county may appropriate any of its available moneys to a revolving fund not to exceed five hundred thousand dollars ($500,000) to be used by any county sanitation district, county flood control district, or county maintenance district, located wholly within the county for the acquisition of real or personal property, environmental impact studies, fiscal analysis, engineering services, or the construction of structures or improvements needed in whole or in part for district purposes. The revolving fund shall be reimbursed from service fees, connection charges, tax revenues or other moneys available to the district, and no sums shall be disbursed from the fund until an agreement with a term not exceeding 10 years has been made between the board of

supervisors and the governing board of the district encompassing the method by, and the time within, which the district is to reimburse the fund. Reimbursement of the fund from tax revenue shall not exceed in any one fiscal year an amount equal to one cent ($0.01) on the tax rate or twenty-five thousand dollars ($25,000), whichever is less. The district shall reimburse the fund for any amount disbursed to the district within 10 years after disbursement, together with interest at the current rate per annum received on similar types of investments by the county as determined by the county treasurer.

STATEMENTS AND REPORTS

Settlement of accounts

27061. Not later than the tenth of each month the treasurer shall settle his accounts relating to the collection, care, and disbursement of public revenue of whatsoever nature and kind with the auditor.

Treasurer's Statement; requisites

27062. For the purpose of making his settlement, the treasurer shall make a statement under oath of the amount of money or other property received prior to the period of the settlement, the amount of payments or disbursements, and the amount remaining on hand. In the settlements he shall deposit and take the auditor's receipt for all warrants redeemed by him.

Failure to settle or report; penalty

27064. If the treasurer neglects or refuses to settle or report as required by this article, he shall forfeit and pay to the county five hundred dollars ($500) for each neglect or refusal, and the board of supervisors shall institute suits for the recovery thereof.

Treasurer/Auditor State Settlement

30100. Upon the order of the State Controller and State Treasurer at any time, the county treasurer shall settle with the State Controller and pay over to the State Treasurer all money in his possession belonging to the State.

State Treasurer-Investment Policy & Compliance Reports

53646 (g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

FUNDS AND ACCOUNTS

Daily payment of collections to treasurer; settlements

27080. Any officer required to pay into the county treasury taxes, fees, or other money collected by him may pay the money to the treasurer daily without making an account of the

sources from which it was collected. The treasurer and auditor shall credit the officer with the amount paid in without apportioning it to any specific fund.

The officer shall also make regular settlements and accounts of his collections monthly or otherwise as required by law and shall be credited with all amounts paid to the treasurer and not included in his previous settlements as so much cash.

27080.1. Where the county treasurer has entered into a contract for the deposit of moneys with a depository pursuant to Section 53682, the county treasurer may authorize any county officer, required to deposit into the county treasury all money collected by him or her, to deposit that money directly into the depository with whom the county treasurer has entered into the contract. The county treasurer may also authorize any superior court officer to deposit money collected by the officer that is payable to the county treasury into the depository. All deposits made under authority granted by the treasurer pursuant to this section shall be made in the form as required by the treasurer, and receipts for those deposits shall be given in accordance with Section 27009.

Deposit of jury or naturalization fees; Withdrawal

27081. The clerk of the court may deposit in the county treasury any money deposited as jury fees or as a portion of the naturalization fees required by law to be paid to the United States.

The treasurer shall accept and keep separate accounts of such deposits. The money may be withdrawn at any time by the clerk of the court on the clerk's written order. For the safekeeping of the money the treasurer is liable on the treasurer's official bond.

Deposit of money found on dead body; payment to representatives

27082. Upon receiving from the coroner money found on a dead body, the treasurer shall place it to the credit of the county. The money shall be credited to a separate trust fund or trust account. If the legal representatives of the decedent demand the money in the treasury belonging to the decedent within six years, the treasurer shall pay it to them, after deducting the fees and expenses of the coroner and of the county in relation to the matter, or the money may be paid at any time thereafter upon the order of the board of supervisors.

INSPECTION OF BOOKS

Biennial Audit of Financial Accounts and Records

25250. At least biennially the board of supervisors shall examine and audit, or cause to be audited, the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the county or money received or disbursed by them under authority of law. The audit shall encompass the immediately preceding two-year period, or any portion thereof not included in a prior audit. This financial examination or audit may be performed in coordination with the investigations conducted by the grand jury under Section 925 of the Penal Code, or the board of supervisors may resolve to accept reports delivered pursuant to Section 933 of the Penal

Code in lieu of its own separate examination if such reports are found to fulfill some or all of the requirements of this section. In connection with the requirements of this section and Section 25253, the board of supervisors may employ the services of an independent certified public accountant or licensed public accountant to perform an examination of the financial statements in accordance with generally accepted auditing standards.

Books, accounts and vouchers of treasurer

27100. The books, accounts, and vouchers of the treasurer, including all books, accounts, vouchers, or other records in his office relating to reclamation districts, are at all time subject to the inspection and examination of the board of supervisors or grand jury, or of any officers or agents designated by the board of supervisors or grand jury to make the inspection and examination.

27100.1. Notwithstanding any other provision of law, when any public entity or any public official acting in a fiduciary capacity, who is required or authorized by law to deposit funds in the county treasury, makes a deposit, those funds shall be deemed to be held in trust by the county treasurer on behalf of the depositing entity or public official. The funds shall not be deemed funds or assets of the county and the relationship of the depositing entity or public official and the county shall not be one of creditor-debtor.

Examination of records and count of funds

27101. The treasurer shall permit the chairman of the board of supervisors, district attorney, and auditor to examine his books and count the money in the treasury, including the books and money of reclamation districts in his custody, whenever they wish to make an examination or counting.

Destruction of Duplicate Records

26201. The board may authorize at any time the destruction or disposition of any duplicate record, paper, or document, the original or a permanent photographic reproduction of which is in the files of any officer or department of the county.

The board may authorize at any time the destruction or disposition of any duplicate or copy of a notice to appear in court, or promise to appear in court, that is filed with any officer or department of the county, 12 months after the original of such notice or promise has been filed with the magistrate or a person authorized by the magistrate to receive a deposit of bail specified therein.

VACANCY

Official misconduct of treasurer; suspension

27120. Whenever an action based upon official misconduct is commenced against the county treasurer, the board of supervisors may suspend him from office until the suit is determined. The board may appoint some person to fill the vacancy, who shall qualify and give such bond as the board determines.

Delivery of records and funds to successor of treasurer

27121. In case of the death of the county treasurer, his legal representatives shall deliver to the person appointed to fill the vacancy all official money, books, accounts, papers, and documents which are or come into their possession.

SALARIES

Time for payment

28000. Unless the board of supervisors of a county provides by ordinance for more frequent pay periods, the salaries of the officers named in this title and all county deputies, clerks, and employees who are entitled to salaries shall be paid monthly out of the county treasury. The sworn statement and copy of the treasurer's receipt for all fees and other money required to be paid into the county treasury required by Section 28005 shall be required to be filed in such event only prior to payment of the final installment of the salary of any officer for any month.

Warrants

28001. Except in those counties in which the board of supervisors has by ordinance fixed a different schedule of dates or pay periods for the payment of salaries of the officers, deputies, clerks and employees of the several departments and institutions of the county government, as authorized in Section 28003, the auditor shall, on the first day of each month, or the first day following the specified pay period draw his warrant upon the treasurer in favor of each officer, deputy, clerk, and employee for the amount of salary due him for the preceding month or pay period.

Payment of warrants from salary fund

28002. On presentation the treasurer shall pay the warrants out of the salary fund of the county treasury.

Payment of salaries by warrants

28004. If the board of supervisors by ordinance so provides, the salaries of all county officers, deputies, clerks, and employees, including the employees of the several road districts, may be paid monthly out of the county treasury on warrants drawn by the auditor upon the treasurer in favor of each of the officers, deputies, clerks, and employees.

Payment after filing statement and receipt

28005. The auditor shall not draw his or her warrant for the salary of any officer for any month until the officer has first filed with him or her the forms required by Section 24353.

Disbursing agent; designation by Board of Supervisors; contracts

28008. The board of supervisors may designate one or more state or national banks, one or more state or federal savings and loan associations, or one or more state or federal credit unions, doing business in the county as disbursing agent for the auditor to pay the salaries of such persons whose salaries are paid from the county treasury as may from time to time

elect by a written instrument delivered to the auditor, to receive their salaries from such disbursing agent. In lieu of drawing separate salary warrants for such persons as shall have elected to be paid their salaries by such disbursing agent, the auditor may deliver to such disbursing agent a single warrant for the total combined salaries of such persons on or before the designated payday, together with the information necessary to disburse such salaries. The board of supervisors may enter into written contracts with such state and national banks, state or federal savings and loan associations, or state and federal credit unions, for their services as such disbursing agents on such terms as the board deems appropriate.

INVESTMENT OF SURPLUS FUND

Local Agency, definition

53600. As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

Investment Objectives

53600.5. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

Solvency and Creditworthiness of Deposits and Investment a Statewide Concern

53600.6. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

County Treasurer as Government Investor

6930. As used in this chapter:

(a) "Governmental investor" means the Treasurer, the Teachers' Retirement Board, and the Board of Administration of the Public Employees' Retirement System. "Governmental investor" also means each county treasurer, each city treasurer, each public governing or investing body or public investing officer, who exercises investment discretion over public funds in excess of ten million dollars ($10,000,000) or over public pension or retirement funds in excess of ten million dollars ($10,000,000).

(b) "Soft dollar and directed brokerage arrangements" means the brokerage and research services described by Section 28 (e) of the Securities Exchange Act of 1934 (15 U.S.C. Sec. 78bb(e)).

(c) "Transaction cost" means the overall cost of the transaction, including, but not limited to, commissions, services, and the price of the securities.

(d) "Responsible" means with the due diligence required of a fiduciary to examine a presented transaction for: necessity of soft dollar services provided and for commission cost; quality of the trade; quality of the broker-dealer's research; the broker-dealer's execution capabilities; and the broker-dealer's quality of service.

Investment Policy and Report

53646. (a) (1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-

insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars ($25,000).

(g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

County Treasury Oversight Committee

27130. The Legislature finds and declares that local agencies, including school districts, should participate in reviewing the policies that guide the investment of those funds. The Legislature further finds and declares that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies. The Legislature further finds and declares that the creation of county treasury oversight committees will promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return on their funds by providing a more stable and predictable balance for investment by establishing criteria for the withdrawal of funds.

27131. (a) The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.

(b) In recognition of the state and local interests served by the action made optional in subdivision (a), the Legislature encourages local agencies to continue taking the action formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

27132. The county treasury oversight committee, pursuant to Section 27131, shall consist of members appointed from the following:

a) The county treasurer.

b) The county auditor, auditor-controller, or finance director, as the case may be.

c) A representative appointed by the county board of supervisors.

d) The county superintendent of schools or his or her designee.

e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.

f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit funds in the county treasury.

g) Up to five other members of the public.

    1. A majority of the other public members shall have expertise in, or an academic background in, public finance.

    2. The other public members shall be economically diverse and bipartisan in political registration.

27132.1. A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

27132.2. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

27132.3. A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

27132.4. Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

27133. In any county that establishes a county treasury oversight committee pursuant to this article, the county treasurer shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:

a) A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.

b) The maximum term of any security purchased by the county treasury.

c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.

e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.

f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.

g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.

h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.

27134. The county treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.

27135. The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.

27136. (a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.

(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.

27137. Nothing in this article shall be construed to allow the county treasury oversight committee to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasury.

Circumstances Authorizing Investments; authorized investments

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in

those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

(a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

(e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(g) Bankers' acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars ($500,000,000).

(C) Has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so

invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement,

unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5) (A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained

through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(l) (1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (o), inclusive, and with assets under management in excess of five hundred million dollars ($500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage pass through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in

subdivisions (a) to (o), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

Commercial Paper Defined

53601.2. As used in this article, "corporation" includes a limited liability company.

Treasurer's Pooled Investment Authority

53635. (a) This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

Investment of deferred compensation plan funds

53609. Notwithstanding the provisions of this chapter or any other provisions of this code, funds held by a local agency pursuant to a written agreement between the agency and employees of the agency to defer a portion of the compensation otherwise receivable by the agency's employees and pursuant to a plan for such deferral as adopted by the governing body of the agency, may be invested in the types of investments set forth in Sections 53601

and 53602 of this code, and may additionally be invested in corporate stocks, bonds, and securities, mutual funds, savings and loan accounts, credit union accounts, life insurance policies, annuities, mortgages, deeds of trust, or other security interests in real or personal property. Nothing herein shall be construed to permit any type of investment prohibited by the Constitution.

Deferred compensation funds are public pension or retirement funds for the purposes of Section 17 of Article XVI of the Constitution.

Portfolio Investment Prohibitions

53601.6. (a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

Temporary/Borrowed Funds Investment Prohibitions

Borrowed funds investment restrictions

53821.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Not to exceed 85% of tax roll

53841.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Use of funds

53852.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Grant Anticipation notes

53859.02. (a) A local agency may borrow money pursuant to this article, the indebtedness to be represented by a grant anticipation note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency solely for the purpose for which the grant or loan is to be received.

(b) Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Circumstances authorizing investments; authorized investments

53601 (See section on Investment Options)

Prudent Investor Rule

53600.3. Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

Investments in financial futures of financial option contracts

53601.1. The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

Investments; qualified purchase agent

53601.5. The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

Investments: Certificate of Deposit; Private Placement

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

(a) The local agency shall choose a nationally or state chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and

loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring both of the following:

(1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(d) The selected depository institution shall serve as a custodian for each such deposit.

(e) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution pursuant to subdivision (b).

(f) Notwithstanding subdivisions (a) to (e), inclusive, a credit union shall not act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(g) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(h) The deposits placed pursuant to this section and Section 53635.8 shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(i) Purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(j) Excluding purchases of certificates of deposit pursuant to this section, no more than 10 percent of the agency's funds that may be invested for this purpose may be submitted, pursuant to subdivision (b), to any one private sector entity that assists in the placement of deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(k) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.

53601.8. Notwithstanding Section 53601 or any other provision of this code, a local agency that has the authority under law to invest funds may, at its discretion, invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53635.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.
(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States for the local agency's account.
(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.
(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.
(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.
(f) Notwithstanding subdivisions (a) to (e), inclusive, no credit union may act as a selected depository institution under this section or Section 53635.8 unless both of the following conditions are satisfied:
    (1) The credit union offers federal depository insurance through the National Credit Union Administration.
    (2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.
(g) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.
(h) This section shall become operative on January 1, 2017.

Investment in legal investments for savings banks; securities of public districts

53602. The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

Broker/Dealer relationships

53690. For the purposes of this article:

(a) "Local agency" means a county, city, city and county, redevelopment agency, public district, joint powers authority, or public nonprofit corporation.

(b) "Securities" means any bonds, notes, warrants, or other evidences of indebtedness and the interest coupons, if any, attached thereto, issued or proposed to be issued to finance or refinance a public project.

(c) "Issuer" means a local agency which issues securities.

(d) "Broker" has the same meaning as "broker-dealer" as defined in Section 25004 of the Corporations Code.

(e) "Dealer" has the same meaning as "broker-dealer" as defined in Section 25004 of the Corporations Code.

(f) "Municipal securities dealer" means any person, including a separately identifiable department or division of a bank, trust company, or savings and loan association engaged in the business of buying and selling municipal securities for his or her own account, through a broker or otherwise, but does not include any of the following:

(1) Any person insofar as he or she buys or sells those securities for his or her own account, either individually or in some fiduciary capacity, but not as a part of a regular business.

(2) A bank, trust company, or savings and loan association, unless the bank, trust company, or savings and loan association is engaged in the business of buying and selling municipal securities for its own account other than in a fiduciary capacity, through a broker or otherwise, unless the bank, trust company or savings and loan association is engaged in that business through a separately identifiable department or division, in which case the department or division, and not the bank, trust company, or savings and loan association, is the municipal securities dealer.

Financial Advisory Relationship of Broker/Dealer

53691. (a) A financial advisory relationship shall be deemed to exist when a broker, dealer, or municipal securities dealer renders, or enters into an agreement to render, financial advisory or consultant services to, or on behalf of, an issuer, with respect to a new issue or issues of municipal securities, including advice with respect to the structure, timing, and terms of an issue or issues, for a fee or other compensation, or in expectation of

compensation for the rendering of the services. Notwithstanding the foregoing, a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a municipal securities dealer renders advice to an issuer, including advice with respect to the structure, timing, and terms of a new issue of municipal securities.

(b) Each financial advisory relationship shall be evidenced by a writing executed prior to, upon, or promptly after, the inception of the financial advisory relationship (or promptly after the creation or selection of the issuer if the issuer does not exist or has not been determined at the time the relationship commences). The writing shall set forth the basis of compensation for the financial advisory services to be rendered, including provisions relating to the deposit of funds or the utilization of fiduciary or agency services offered by the broker, dealer, or municipal securities dealer, or by a person controlling, controlled by, or under common control with the broker, dealer, or municipal securities dealer in connection with the rendering of the financial advisory services.

(c) No broker, dealer, or municipal securities dealer that has a financial advisory relationship with respect to a new issue of municipal securities shall acquire, as principal, either alone or as a participant in a syndicate or other similar account formed for the purpose of purchasing, directly or indirectly, from the issuer all or any portion of the issue, nor arrange for the acquisition or participation by a person controlling, controlled by, or under common control with the broker, dealer, or municipal securities dealer, unless one of the following applies:

(1) If the issue is to be sold by the issuer on a negotiated basis, all of the following conditions have occurred:

(A) The financial advisory relationship with respect to the issue has been terminated in writing and, at or after the termination, the issuer has expressly consented in writing to the acquisition or participation in the purchase of the securities on a negotiated basis.

(B) The broker, dealer, or municipal securities dealer has expressly disclosed in writing to the issuer, at or before the termination, that there may be a conflict of interest in changing from the capacity of financial adviser to purchaser of the securities with respect to which the financial advisory relationship exists, and the issuer has expressly acknowledged in writing to the broker, dealer, or municipal securities dealer receipt of that disclosure.

(C) The broker, dealer, or municipal securities dealer has expressly disclosed in writing to the issuer, at or before the termination, the source and anticipated amount of all remuneration to the broker, dealer, or municipal securities dealer with respect to the issue in addition to the compensation referred to in subdivision

(b), and the issuer has expressly acknowledged in writing to the broker, dealer, or municipal securities dealer receipt of that disclosure.

(2) If the issue is to be sold by the issuer at competitive bid, the issuer has expressly consented in writing prior to the bid to that acquisition or participation.

The limitations and requirements set forth in this subdivision shall also apply to any broker, dealer, or municipal securities dealer controlling, controlled by, or under common control

with the broker, dealer, or municipal securities dealer having a financial advisory relationship. The use of the term "indirectly" in this subdivision shall not preclude a broker, dealer, or municipal securities dealer who has a financial advisory relationship with respect to a new issue of municipal securities from purchasing those securities from an underwriter, either for its own trading account or or the account of customers, except to the extent that the purchase is made to contravene the purpose and intent of this section. Each broker, dealer, and municipal securities dealer subject to the provisions of this subdivision shall maintain a copy of the written disclosures, acknowledgments, and consents required by this section in a separate file.

(d) If a broker, dealer, or municipal securities dealer acquires all or a portion of a new issue of municipal securities or participates in a syndicate or other account that acquires those securities in accordance with subdivision (c), the broker, dealer, or municipal securities dealer shall disclose the existence of the financial advisory relationship in writing to each customer who purchases those securities from that broker, dealer, or municipal securities dealer, at or before the completion of the transaction with the customer.

Sale of Local Agency Securities

53692. In addition to any other requirement imposed by law, at least 15 days prior to the sale of any public securities that exceed one million dollars ($1,000,000) but do not exceed ten million dollars ($10,000,000) at a public sale and at least five days prior to the sale of any public securities that exceed ten million dollars ($10,000,000) at a public sale, an issuer shall publish notice of the intention to sell the securities in a financial publication generally circulated throughout the state or reasonably expected to be disseminated among prospective bidders for the securities. The notice shall include the date, time, and place of the intended sale and the amount of the securities to be sold.

Direct purchase of securities

53603. The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

Sale or exchange of securities; reinvestment of proceeds

53604. The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

Sale of securities, application of proceeds to original purposes

53605. From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

Bonds issued by purchases, cancellations, resale

53606. The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds then uncanceled. While held uncanceled, the bonds may be resold.

Delegations of duties to treasurer; monthly report

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

Deposits of securities; receipt, delegation of authority

53608. The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the treasurer.

DEPOSIT OF FUNDS

Definitions

53630. As used in this article:

(a) "Local agency" means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) "Treasurer" means treasurer of the local agency.

(c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.

(d) "Agent of depository" means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.

(e) "Security" means any of the eligible securities or obligations listed in Section 53651.

(f) "Pooled securities" means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.

(g) "Administrator" means the Administrator of Local Agency Security of the State of California.

(h) "Savings association or federal association" means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.

(i) "Federally insured industrial loan company" means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.

(j) "Corporation" includes a limited liability company.

Solvency and Creditworthiness of Deposits and Investment a Statewide Concern

53630.1. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

Deposits to pay principal and interest of bonds

53631. Under those conditions as the treasurer of a local agency fixes with the approval of the legislative body, he or she may establish accounts at banks within or without the state and deposit money in those accounts to the extent necessary to pay the principal and interest of bonds to pay any warrant that has been presented for payment, or to fund any electronic disbursement of funds from the treasury of the local agency. This article does not apply to deposits for those purposes.

Classes of Deposits

53632. There are three classes of deposits:

(a) Inactive deposits.

(b) Active deposits.

(c) Interest-bearing active deposits.

Classes of security for deposits

53632.5 There are three classes of security for deposits:

(a) Securities described in subdivision (m) of Section 53651.

(b) Securities described in subdivision (p) of Section 53651.

(c) Securities enumerated in Section 53651, except for those described in subdivisions (m) and (p) of that section.

Determination of amounts to be deposited in each class

53633 The treasurer shall determine the amounts of money to be deposited as inactive, active, and interest-bearing active deposits, except as otherwise provided in Section 53679.

Transfers from inactive to active deposits

53634 The treasurer may call in money from inactive deposits and place it in active deposits as current demands require. When there is money in his possession for which there is no demand as inactive deposits, he may place it as active deposits.

Funds of local agency; deposit or investment

53635 (a) This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial

paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

Criteria for Eligible Depository Account for Safekeeping

53635.2. As far as possible, all money belonging to, or in the custody of, a local agency, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money; or may be invested in the investments set forth in Section 53601. To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

Deposit money as in treasury of local agency

53636 Money so deposited is deemed to be in the treasury of the local agency.

Selection of depository; interest

53637 The money shall be deposited in any bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company with the objective of realizing maximum return, consistent with prudent financial management, except that money shall not be deposited in any state or federal credit union if a member of the legislative body of a local agency, or any person with investment decisionmaking authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

Maximum deposit

53638 (a) The deposit shall not exceed the shareholder's equity of any depository bank. For the purposes of this subdivision, shareholder's equity shall be determined in accordance with Section 118 of the Financial Code, but shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars ($500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(c) The deposit to the share accounts of any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the Commissioner of Financial Institutions, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars ($500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the Financial Code or are secured as required by law.

(d) The deposit in investment certificates of a federally insured industrial loan company shall not exceed the total of the unimpaired capital and surplus of the insured industrial loan company.

Expense of transporting money

53639 Except as otherwise provided in Section 53682, the depository shall bear the expenses of transportation of money to and from the depository.

Checks, drafts and other exchange

53640 Except as otherwise provided in Section 53682, the depository shall handle, collect, and pay all checks, drafts, and other exchange without cost to the local agency.

Receipt or other evidence of deposit

53641 When money is deposited in a depository, the treasurer or other authorized official shall take and preserve a receipt, certificate of deposit, or other evidence of the deposit as he or she requires.

Withdrawals, check or order

53642 The money deposited may be drawn out by check or order of the treasurer or other official authorized to make such deposit.

Deposit by treasurer

53643 The treasurer may deposit any part of the money as agreed upon between the treasurer and the depository.

Withdrawals on demand; penalties; notices

53644 If an agreement is not made:

(a) Active deposits and interest thereon are subject to withdrawal upon the demand of the treasurer or other authorized official, subject to any penalties which may be prescribed by federal law or regulation.

(b) Inactive deposits are subject to notice of at least thirty days before withdrawal.

Interest computation

53645 Interest shall be computed and paid by the depository, as follows:

(a) For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter, and shall be paid quarterly.

(b) For inactive deposits, interest shall be computed on a 360-day basis, and shall be paid quarterly.

Interest payment into fund

53647 (a) Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of, the local agency represented by the officer making the deposit, unless otherwise directed by law.

(b) Notwithstanding the provisions of subdivision (a), and except as otherwise directed by law, if the governing body of the local agency represented by the officer making the deposit so directs, such interest shall be paid to the fund which contains the principal on which the interest accrued.

Interest on bail money on deposit

53647.5 Notwithstanding any other provision of law, interest earned on any bail money deposited by a court in a bank account pursuant to Section 1463.1 of the Penal Code and Section 53679 of this code shall be allocated for the support of that court.

Deposits and contracts pursuant to federal law or rule

53648 Notwithstanding this article, the treasurer may deposit moneys in, and enter into contracts with, a state or national bank, savings association or federal association, federal or state credit union, or federally insured industrial loan company, pursuant to a federal law or a rule of a federal department or agency adopted pursuant to the law if the law or rule conflicts with this article in regulating the payment of interest on deposits of public moneys by any of the following:

(a) Banks which are Federal Reserve System members or whose deposits are insured by the Federal Deposit Insurance Corporation.

(b) Savings associations or federal associations which are federal home loan bank members or whose deposits are insured by the Federal Savings and Loan Insurance Corporation.

(c) State or federal credit unions whose accounts are insured by the National Credit Union Share Insurance Fund or guaranteed by the California Credit Union Share Guaranty Corporation or insured or guaranteed pursuant to Section 14858 of the Financial Code, unless a member of the legislative body of a local agency, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

(d) A federally insured industrial loan company.

Termination of agreement with depository

53648.5 Upon the removal by federal law of the conflicting federal law or rule the agreement between the treasurer or other authorized official and a depository may be terminated by either party.

Contracts with depositories; contents; filing

53649 The treasurer is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit which in his or her judgment is to the public advantage. The depository, and the agent of depository to the extent the agent of depository has been notified of deposits and the amount thereof, are responsible for securing moneys deposited pursuant to such a contract in accordance with Section 53652. One copy of each contract shall be filed with the auditor, controller, secretary, or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of deposits, if appropriate.

(b) Fix the interest rate, if any.

(c) Provide conditions for withdrawal and repayment.

(d) Provide for placement of pooled securities in a named agent of depository in accordance with Section 53656.

(e) Grant authority for agent of depository to place securities for safekeeping in accordance with Section 53659.

(f) Set forth in accordance with Section 53665 the conditions upon which the administrator shall order pooled securities converted into money for the benefit of the local agency, and the procedure therefor.

(g) Provide for compliance in all respects with the provisions of this article and other applicable provisions of law.

(h) Provide, upon notice to the treasurer from the administrator, that a treasurer may withdraw deposits in the event a depository fails to pay the assessments, fines, or penalties assessed by the administrator or may withdraw authorization for the placement of pooled securities in an agent of depository in the event that the agent of depository fails to pay the fines or penalties assessed by the administrator.

Eligible securities

53651 Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Article 4 (commencing with Section 50665) of Chapter 3 of Division 1, senior obligation bonds pursuant to Article 5 (commencing with Section 53387) of Chapter 2.7, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between the public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in the contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the federal home loan banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under that act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof except bonds which provide for or are issued pursuant to a law which may contemplate a subsequent legislative appropriation as an assurance of the continued operation and solvency of the department, board, agency or authority but which does not constitute a valid and binding obligation for which the full faith and credit of such state or the Commonwealth of Puerto Rico are pledged, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided the obligations issued by an entity described in (1), above, are rated in one of the three highest grades, and such obligations issued by an entity described in (2), above, are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, the Government Development Bank of Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 51350) of Part 3 of Division 31 of the Health and Safety Code.

(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.

(n) Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building or school buildings pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Section 39315 or 81345 of the Education Code, and also any bonds, notes, warrants or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness as specified in Section 39317 of the Education Code.

(o) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 U.S.C. Sec. 78, as amended), which are issued by this state or any local agency thereof.

(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.

Eligibility Requirements of Promissory Notes

53651.2. (a) To be an eligible security under subdivision (m) of Section 53651, a promissory note placed in a securities pool on or after January 1, 1987, shall comply with all of the following provisions:

(1) Each promissory note shall be secured by a first mortgage or first trust deed on improved 1 to 4 unit residential real property located in California, shall be fully amortized over the term of the note, and shall have a term of no more than 30 years. Any first mortgage or first trust deed which secures a promissory note providing for negative amortization shall be removed from the securities pool and replaced with an eligible security under subdivision (m) of Section 53651 if the loan to value ratio exceeds 85 percent of the original appraised value of the security property as a consequence of negative amortization.

(2) Each promissory note shall be eligible for sale to the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation; provided, however, that up to 25 percent of the total dollar amount of any promissory note securities pool established pursuant to Section 53658 may consist of promissory notes with loan amounts which exceed the maximum amounts eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, but which do not exceed: (i) five hundred thousand dollars ($500,000) in the case of a single family dwelling; (ii) one million dollars ($1,000,000) in the case of a 2, 3, or 4 unit dwelling.

(b) The following shall not constitute eligible securities under subdivision (m) of Section 53651:

(1) Any promissory note on which any payment is more than 60 days past due.

(2) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust. For the purposes of this paragraph, no lien specified in Section 766 of the Financial Code shall be considered a prior encumbrance unless any installment or payment thereunder (other than a rental or royalty under a lease) is due and delinquent.

(3) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(c) The depository may exercise, enforce, or waive any right granted to it by the promissory note, mortgage, or deed of trust.

(d) For purposes of this article, the market value of a promissory note which is an eligible security under subdivision (m) of Section 53651, shall be determined in accordance with the regulations adopted by the Treasurer under paragraph (2) of subdivision (m) of Section 53651, as the regulations and statute were in effect on December 31, 1986. However, if and when regulations on the subject are adopted by the administrator, the market value shall be determined in accordance with those regulations of the administrator.

Report of independent certified public account; depository using eligible securities; state bank, national bank; fee

53651.4 (a) A depository that uses eligible securities of the class described in subdivision (m) of Section 53651 shall, within 90 days after the close of each calendar year or within a longer period as the administrator may specify, file with the administrator a report of an independent certified public accountant regarding compliance with this article and with regulations and orders issued by the administrator under this article with respect to eligible securities of that class. The report shall be based upon the audit, shall contain the information, and shall be in the form the administrator may prescribe. The depository shall provide a copy of the report to the treasurer on request.

(b) If a depository that is a state bank files with the administrator, not less than 90 days before the beginning of the calendar year, a notice that it elects to be examined by the administrator instead of filing a report of an independent certified public accountant under subdivision (a) for that calendar year, the depository shall be exempt from subdivision (a) for that calendar year and shall for that calendar year be subject to examination by the administrator regarding compliance with this article and with regulations and orders under this article with respect to eligible securities of the class described in subdivision (m) of Section 53651. The administrator shall provide a report to a treasurer with deposits in the examined state bank upon request of the treasurer.

(c) A national bank may apply to the administrator to be examined, and the administrator, in his or her discretion, may examine a national bank for the purposes of satisfying the requirements of subdivision (a). The administrator shall provide a report to a treasurer with deposits in the examined national bank upon request of the treasurer.

(d) Whenever the administrator examines a depository pursuant to subdivision (b) or (c), the depository shall pay, within 30 days after receipt of a statement from the administrator, a fee of seventy-five dollars ($75) per hour for each examiner engaged in the examination.

Letter of credit; terms

53651.6 (a) To be an eligible security under subdivision (p) of Section 53651, a letter of credit shall be in such form and shall contain such provisions as the administrator may prescribe, and shall include all of the following terms:

(1) The administrator shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable and shall provide that the administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository

savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

Value required to secure active or inactive deposits; market value

53652 To secure active or inactive deposits a depository shall at all times maintain with the agent of depository eligible securities in securities pools, pursuant to Sections 53656 and 53658, in the amounts specified in this section. Uncollected funds shall be excluded from the amount deposited in the depository when determining the security requirements for the deposits.

(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.

(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.

(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. For purposes of this article, the market value of a letter of credit which is an eligible security under subdivision (p) of Section 53651 shall be the amount of credit stated in the letter of credit.

Waiver of security

53653 When in his or her discretion local conditions so warrant, the treasurer may waive security for the portion of any deposits as is insured pursuant to federal law, notwithstanding this article. For deposits equivalent to and not less than the maximum amount insured pursuant to federal law for which a treasurer has waived security under this section, a treasurer at his or her discretion may also waive security for the interest accrued on the deposits which, when added to the deposits, would cause the sum of the interest and deposits to exceed the maximum amount insured pursuant to federal law, provided that the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

Addition or substitution of securities; Withdrawal or release of securities

53654 (a) The depository may add securities to the pool or substitute securities of equal value for those in the pool at any time, but shall not interchange classes of security, as defined in Section 53632.5, without prior approval of the treasurer.

(b) Withdrawal of securities from the pool without replacement at equal value may be ordered only by two duly authorized officers or employees of the depository who satisfy the requirements as may be set by the administrator.

(c) The agent of depository is responsible for the safekeeping and disbursement of securities placed in its custody by a depository. It shall release securities only upon presentation by the depository of the most reasonably current statement of the total

deposits subject to this article held by the depository, such statement to be verified and countersigned by two duly authorized officers, other than those who ordered the withdrawal of securities. A copy of this statement shall be forwarded to the administrator concurrently by the agent of depository.

Perfection of security interest in favor of local agencies

53655 A placement of securities by a depository with an agent of depository pursuant to this article shall have the effect of perfecting a security interest in those securities in the local agencies having deposits in that depository notwithstanding provisions of the Uniform Commercial Code to the contrary and notwithstanding that the agent of depository may be the trust department of the depository.

Authorization for holding of security by agent of depository; agents of depository; Securities subject to order of depository; exception

53656 (a) At the time the treasurer enters into a contract with the depository pursuant to Section 53649, he or she shall authorize the agent of depository designated by the depository, but including the trust department of the depository only when acceptable to both the treasurer and the depository, to hold securities of the depository in accordance with this article to secure the deposit of the local agency.

(b) Only those trust companies and trust departments, or the Federal Home Loan Bank of San Francisco, which have been authorized by the administrator pursuant to Section 53657 shall be authorized by treasurers to act as agents of depository.

(c) The securities are subject to order of the depository in accordance with Section 53654 except when the provisions of subdivision (i) of Section 53661 and Section 53665 are in effect.

(d) An agent of depository shall not release any security held to secure a local agency deposit in a depository unless the administrator issues an order authorizing the release where either of the following occurs:

(1) A state or federal regulatory agency has taken possession of the depository.

(2) A conservator, receiver, or other legal custodian has been appointed for the depository.

Authorization to act as agent of depository; application; agents eligible on December 31, 1986

53657 (a) No person shall act as an agent of depository unless that person is a trust company located in this state, the trust department of a bank located in this state, or the Federal Home Loan Bank of San Francisco, and is authorized by the administrator to act as an agent of depository.

(b) (1) An application for authorization shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the administrator so requires) be verified in such manner, as the administrator may prescribe.

(2) The fee for filing an application for authorization with the administrator shall be five hundred dollars ($500).

(3) If the administrator finds, with respect to an application for authorization, that the applicant is competent to act as an agent of depository and that it is reasonable to believe the applicant will comply with all applicable provisions of this article and of any regulation or order issued under this article, the administrator shall approve the application. If the administrator finds otherwise, the administrator shall deny the application.

(4) When an application for authorization has been approved, the applicant shall file with the administrator an agreement to comply with all applicable provisions of this article and of any regulation or order issued under this article. The agreement shall be in such form, shall contain such provisions, and shall be signed in such manner as the administrator may prescribe.

(5) When an application for authorization has been approved, the applicant has complied with paragraph (4), and all conditions precedent to authorizing the applicant to act as agent of depository have been fulfilled, the administrator shall authorize the applicant to act as agent of depository.

Maintenance of separate pool for each depository; security interest of local agency

53658 An agent of a depository may hold and pool securities to secure deposits for one or more depositories pursuant to Section 53656, but shall maintain a separate pool for each said depository. Each local agency shall have an undivided security interest in the pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities.

Placement of securities with federal reserve or other approved bank; authority by contract

53659 Whenever an agent of depository accepts securities pursuant to Section 53656 it may, with the authorization of the depository, place such securities for safekeeping with a Federal Reserve Bank or branch thereof or with any bank located in a city designated as a reserve city by the Board of Governors of the Federal Reserve System or with the Federal Home Loan Bank of San Francisco or with a trust company located in this state. Authority for such placement together with the names of the banks or, including the Federal Home Loan Bank of San Francisco, trust companies to be so used, shall be contained in the contract between the treasurer and the depository required in Section 53649.

Certification and report by agent of depository

53660 When deposits of a local agency are secured by pooled securities pursuant to Section 53656, the agent of depository shall make available to the treasurer for review at a mutually agreed upon time and location all of the following information which may be in the form of a copy of the report required in subdivision (e) of Section 53661:

(a) A certification that there are securities in the pool in the amounts required by Section 53652 to secure deposits.

(b) A certified report of the individual securities then on deposit in the pool with the location and total market value thereof.

(c) The total amount of deposits then reported by the depository to be secured by the pool.

Administrator; powers

53661 (a) The Commissioner of Business Oversight shall act as Administrator of Local Agency Security and shall be responsible for the administration of Sections 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

(b) The administrator shall have the powers necessary or convenient to administer and enforce the sections specified in subdivision (a).

(c) (1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in subdivision (a) or in any regulation or order issued under any of those sections.

(2) The administrator, for good cause, may waive any provision of any regulation adopted pursuant to paragraph (1) or any order issued under this article, where the provision is not necessary in the public interest.

(d) The administrator may enter into any contracts or agreements as may be necessary, including joint underwriting agreements, to sell or liquidate eligible securities securing local agency deposits in the event of the failure of the depository or if the depository fails to pay all or part of the deposits of a local agency.

(e) The administrator shall require from every depository a report certified by the agent of depository listing all securities, and the market value thereof, which are securing local agency deposits together with the total deposits then secured by the pool, to determine whether there is compliance with Section 53652. These reports may be required whenever deemed necessary by the administrator, but shall be required at least four times each year at the times designated by the Comptroller of the Currency for reports from national banking associations. These reports shall be filed in the office of the administrator by the depository within 20 business days of the date the administrator calls for the report.

(f) The administrator may have access to reports of examination made by the Comptroller of the Currency insofar as the reports relate to national banking association trust department activities which are subject to this article.

(g) (1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits.

(2) The failure of a depository to substitute securities, where the administrator has required the substitution, shall be reported by the administrator promptly to those treasurers having money on deposit in that depository and, in addition, shall be reported as follows:

(A) When that depository is a national bank, to the Comptroller of the Currency of the United States.

(B) When that depository is a state bank, to the Commissioner of Business Oversight.

(C) When that depository is a federal association, to the Office of the Comptroller of the Currency.

(D) When that depository is a savings association, to the Commissioner of Business Oversight.

(E) When that depository is a federal credit union, to the National Credit Union Administration.

(F) When that depository is a state credit union or a federally insured industrial loan company, to the Commissioner of Business Oversight.

(h) The administrator may require from each treasurer a registration report and at appropriate times a report stating the amount and location of each deposit together with other information deemed necessary by the administrator for effective operation of this article. The facts recited in any report from a treasurer to the administrator are conclusively presumed to be true for the single purpose of the administrator fulfilling responsibilities assigned to him or her by this article and for no other purpose.

(i) (1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(2) (A) If the administrator makes any of the findings set forth in paragraph (1) with respect to any depository or agent of depository and, in addition, finds that the violation or the continuation of the violation is likely to seriously prejudice

the interests of treasurers, the administrator may order the depository or agent of depository to cease and desist from the violation or may suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(B) Within five business days after an order is issued under subparagraph (A), the depository or agent of depository may file with the administrator an application for a hearing on the order. The administrator shall schedule a hearing at least 30 days, but not more than 40 days, after receipt of an application for a hearing or within a shorter or longer period of time agreed to by a depository or an agent of depository. If the administrator fails to schedule the hearing within the specified or agreed to time period, the order shall be deemed rescinded. Within 30 days after the hearing, the administrator shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded. The right of a depository or agent of depository to which an order is issued under subparagraph (A) to petition for judicial review of the order shall not be affected by the failure of the depository or agent of depository to apply to the administrator for a hearing on the order pursuant to this subparagraph.

(3) Whenever the administrator issues a cease and desist order under paragraph (1) or (2), the administrator may in the order restrict the right of the depository to withdraw securities from a security pool; and, in that event, both the depository to which the order is directed and the agent of depository which holds the security pool shall comply with the restriction.

(4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

(j) In the discretion of the administrator, whenever it appears to the administrator that any person has violated or is violating, or that there is reasonable cause to believe that any person is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued thereunder, the administrator may bring an action in the name of the people of the State of California in the superior court to enjoin the violation or to enforce compliance with those sections or any regulation or order issued thereunder. Upon a proper showing a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and the court may not require the administrator to post a bond.

(k) In addition to other remedies, the administrator shall have the power and authority to impose the following sanctions for noncompliance with the sections specified in

subdivision (a) after a hearing if requested by the party deemed in noncompliance. Any fine assessed pursuant to this subdivision shall be paid within 30 days after receipt of the assessment.

(1) Assess against and collect from a depository a fine not to exceed two hundred fifty dollars ($250) for each day the depository fails to maintain with the agent of depository securities as required by Section 53652.

(2) Assess against and collect from a depository a fine not to exceed one hundred dollars ($100) for each day beyond the time period specified in subdivision (b) of Section 53663 the depository negligently or willfully fails to file in the office of the administrator a written report required by that section.

(3) Assess against and collect from a depository a fine not to exceed one hundred dollars ($100) for each day beyond the time period specified in subdivision (e) that a depository negligently or willfully fails to file in the office of the administrator a written report required by that subdivision.

(4) Assess and collect from an agent of depository a fine not to exceed one hundred dollars ($100) for each day the agent of depository fails to comply with any of the applicable sections specified in subdivision (a) or any applicable regulation or order issued thereunder.

(l) (1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an additional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent.

(2) If a depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

(3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649 and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision (i).

(m) The amendments to this section enacted by the Legislature during the 1999-2000 Regular Session shall become operative on January 1, 2001.

Report by depository and agent; time; transaction in securities; amount of deposits

53663 (a) Each agent of depository shall report in writing to the administrator within two business days after any withdrawal, substitution or addition of pooled securities and shall state the name and market value of the securities withdrawn, substituted or added together with the total deposits then secured by the pool. This information shall be available from the administrator to the treasurer upon request.

(b) Each depository shall report in writing to the administrator weekly, giving the total amount of all deposits held by such depository pursuant to this article. Such report

shall be as of close of business on Wednesday of each week and shall be delivered to the office of the administrator or deposited in the United States mail, postage prepaid, addressed to the office of the administrator, within five business days. Where there has occurred no change in the deposits required to be held by the depository pursuant to this article, the report required by this subdivision need only state that fact.

Individual reports; privileged status

53664 The individual reports specified in Sections 53654, 53660, 53661, and 53663 are not public documents and are not open to inspection by the public.

Default by depository; payment by agent of depository; excess finds; drawings on letter of credit

53665 If a depository fails to pay all or part of the deposits of a local agency secured by pooled securities in accordance with the contract provided for in Section 53649, and on demand of its treasurer or other authorized official and the treasurer files a report with the administrator, or if the depository fails:

(a) In case the pooled securities consist of securities other than securities of the class described in subdivision (p) of Section 53651, the administrator shall order the agent of depository holding the pooled securities to convert into money that portion of the pooled securities necessary to produce an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest due on the deposits, and (iii) the reasonable expenses of the agent of depository in complying with the order of the administrator and to pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits. The agent of depository shall be reimbursed out of the proceeds of the conversion for its reasonable expenses in complying with the order of the administrator, as approved by the administrator. Any excess moneys resulting from the conversion shall be retained by the agent of depository as part of the securities pool until the depository substitutes for the excess moneys securities having a market value sufficient to bring the total of pooled securities up to the amount required by Section 53652.

(b) In case the pooled securities consist of a security of the class described in subdivision (p) of Section 53651, the administrator shall draw on the letter of credit an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest on the deposits, and (iii) the reasonable expenses of the administrator in paying the deposits and pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits.

Liability of administrator

53666 The only liability that shall attach to the administrator as the result of the operation of this article is that which would attach as a result of other laws of this state.

Expenses of administrator; levy of assessment on depositories; payments; penalty

53667 (a) Expenses incurred by the administrator in carrying out the duties and responsibilities assigned to the administrator by the sections specified in subdivision

(a) of Section 53661, shall be borne by the Local Agency Deposit Security Fund, which is hereby created and continuously appropriated to the administrator for the administration of the sections specified in subdivision (a) of Section 53661. This fund shall consist of fines levied pursuant to Section 53661, fees collected pursuant to the sections specified in subdivision (a) of Section 53661, and assessments levied pursuant to this section.

(b) Each fiscal year the administrator shall levy an assessment on a pro rata basis on those depositories which at any time during the preceding fiscal year held local agency deposits. The total assessment levied on all of those depositories shall be in an amount which, when added to the amount of fines and fees that the administrator estimates will be collected during the fiscal year when the assessment is levied, is sufficient in the judgment of the administrator to meet the expenses of the administrator in administering the sections specified in subdivision (a) of Section 53661 and to provide a reasonable reserve for contingencies. The basis of the apportionment of the assessment among the depositories assessed shall be the proportion that the average amount of local agency deposits held by each of those depositories bears to the average total amount of local agency deposits held by all of those depositories as shown by the reports of depositories to the administrator for the preceding fiscal year, as required in subdivision (e) of Section 53661; provided, however, that the amount of the assessment levied on each of those depositories shall be not less than twenty-five dollars ($25).

(c) The administrator shall notify each depository by mail of the amount levied against it. The depository shall pay the amount levied within 20 days after such notice into the Local Agency Deposit Security Fund for the administration of the sections specified in subdivision (a) of Section 53661. If payment is not made to the administrator within such time, the administrator shall assess and collect, in addition to the annual assessment, a penalty of 5 percent of the assessment for each month or part thereof that the payment is delinquent. If a depository fails to pay the assessment or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

Responsibility for money on deposit

53669 The treasurer or other authorized official is not responsible for money while it is deposited pursuant to this article.

Responsibility of treasurer for securities delivered to bank, savings and loan assoc., credit union or trust company

53676 The treasurer is not responsible for securities delivered to and receipted for by any bank, savings and loan association, credit union, federally insured industrial loan company, or trust company.

Charges for handling and safekeeping of securities

53678 The charges for the handling and safekeeping of any such securities are not a charge against the treasurer but shall be paid by the depository owning the securities.

Money under control or coming into possession of officers and employees other than treasurer

53679 So far as possible, all money belonging to a local agency under the control of any of its officers or employees other than the treasurer shall, and money deposited as bail coming into the possession of a judge or officer of a superior court may, be deposited as active deposits in the state or national bank, inactive deposits in the state or national bank or state or federal association, federal or state credit union, or federally insured industrial loan company in this state selected by the officer, employee, or judge of the court. For purposes of this section, an officer or employee of a local agency and a judge or officer of a superior court are prohibited from depositing local agency funds or money coming into their possession into a state or federal credit union if an officer or employee of the local agency, or a judge or officer of a superior court, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the particular state or federal credit union. That money is subject to this article except:

(a) Deposits in an amount less than that insured pursuant to federal law are not subject to this article.

For deposits in excess of the amount insured under any federal law a contract in accordance with Section 53649 is required and the provisions of this article shall apply.

(b) Interest is not required on money deposited in an active deposit by a judge or officer of a superior court.

(c) Interest is not required on money deposited in an active deposit by an officer having control of a revolving fund created pursuant to Chapter 2 (commencing with Section 29300) of Division 3 of Title 3.

(d) Interest is not required on money deposited in an active deposit by an officer having control of a special fund established pursuant to Article 5 (commencing with Section 29400) or Article 6 (commencing with Section 29430) of Chapter 2 of Division 3 of Title 3.

Money under control of tax collectors

53680 A tax collector of a local agency shall immediately deposit with the treasurer all money under his control, unless he deposits the money in a depositary pursuant to this article under permission and instructions of the treasurer having authority to make such deposit.

Deposit in other than prescribed manner, forfeiture of office

53681 An officer or employee of a local agency who deposits money belonging to, or in the custody of, the local agency in any other manner than that prescribed in this article is subject to forfeiture of his office or employment.

Contracts for services by depository; requirements

53682 Notwithstanding any other provision in this article except Section 53652, the treasurer may deposit moneys in and enter into contracts with any depository, as defined in subdivision (c) of Section 53630, for services to be rendered by that depository that in the treasurer's judgment are to the public advantage. One copy of each contract entered into under this section shall be filed with the auditor or corresponding officer of the local agency. The contract shall:

(a) Fix the duration of compensating deposits, if any.

(b) Fix the interest rate of that compensating deposit, if any.

(c) Specify the services to be rendered by the depository.

(d) Indicate whether the depository shall bear the expenses of transportation of the money to and from the depository.

(e) Fix the consideration payable by the agency for such services.

(f) Specify who may deposit moneys into the treasurer's active account and how those persons are to make those deposits.

Consideration as costs applied pro rata against earned interest

53683 Notwithstanding any other provision in this article, the consideration payable by the agency as specified in subdivision (e) of Section 53682 shall be paid by the treasurer by applying such consideration as costs applied on a pro rata basis against the interest earned by all the agencies for which the treasurer invests.

Local agencies; excess funds; investments by county treasurer

53684 (a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles.

Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

OTHER GOVERNMENT CODE PROVISIONS CONCERNING THE FUNCTIONS AND DUTIES OF COUNTY TREASURER

Uniform Facsimile Signatures of Public Officials Act

5500 As used in this chapter:

(a) "Public security" means a bond, note, certificate of indebtedness, or other obligation for the payment of money, issued by any county, city, or public district.

(b) "Instrument of payment" means a check, draft, warrant, or order for the payment, delivery, or transfer of funds.

(c) "Authorized officer" means any official of this State or any of its departments, agencies, or other instrumentalities, or any county, city, or public district whose signature to a public security or instrument of payment is required or permitted, or any deputy of such official who has been authorized by such official in writing to affix the official's signature.

(d) "Facsimile signature" means the reproduction by engraving, imprinting, stamping, or other means of the manual signature of an authorized officer.

Temporary Borrowing

53821 Subsequent to approval of the final budget and levy of taxes, if funds are needed for the immediate requirements of a local agency in any fiscal year to pay obligations lawfully incurred in the fiscal year and before the receipt of income for the fiscal year sufficient to meet the payments, money may be borrowed by:

(a) The legislative body of a county on the recommendation of the auditor and treasurer.

(b) The legislative body of the county having the largest area within the regional park district on the recommendation of the auditor and treasurer.

(c) A school district, county board of education, or community college district on the request of two-thirds of the members of its governing board, approved by the county auditor and treasurer.

(d) A regional park district on the request of four-fifths of the members of its legislative body, approved by the auditor and treasurer of the county having the largest area within the district.

(e) The legislative body of a city on the recommendation of the city treasurer and chief accounting officer.

(f) The legislative body of any other municipal or public corporation or district on the recommendation of the officers performing the functions of auditor and treasurer.

53821.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

53822. Money may be borrowed on notes, tax anticipation warrants, or other evidences of indebtedness on behalf of the local agency in an amount not to exceed 50 percent of:

(a) The revenue from taxes for the current fiscal year or that portion of the taxes not collected at the time of borrowing, where the borrowing is by a county, city, or municipal or public corporation or district, other than a school district, county board of education, or community college district.

(b) The estimated income and revenue for the current fiscal year or that portion not collected at the time of borrowing, where the borrowing is by a school district, county board of education, or community college district.

53823. In addition, a school district, county board of education, or community college district may borrow money at any time between July 15th and August 30th of any fiscal year in an amount not to exceed 25 percent of the estimated income and revenue to be received during the current fiscal year by the district or county office of education from apportionments of the state, high school, or community college fund and of the State General Fund, based on the average daily attendance of pupils in the schools or colleges of the district or in schools operated by the county board of education for the preceding school year. The notes shall be repaid not later than December 31st in the fiscal year exclusively from the state apportionments.

53824. All such notes, tax anticipation warrants, or other evidences of indebtedness shall be issued only after the adoption of a resolution by a four-fifths vote of all members of the legislative body.

53825. The resolution shall state the necessity for the borrowing and:

(a) The amount of revenue from taxes provided for the county, city, or municipal or public corporation or district, other than a school district, county board of education, or community college district, for the current fiscal year.

(b) The amount of income and revenue provided for the current fiscal year for the school or community college district or the estimated amount of income and revenue to be received during the current fiscal year from apportionments from the State School Fund, high school fund, or community college fund and from the State General Fund, if the borrowing is by a school district, county board of education, or community college district and occurs before taxes are levied.

53826. All such notes, tax anticipation warrants, or other evidences of indebtedness shall be offered at public sale by the legislative body after not less than two days advertising in a newspaper of general circulation within the county, within the county having the largest area within the regional park district, or within the city, as the case may be, and not less than three days after the last day on which the advertisement is published.

53827. The sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the local agency. Notwithstanding the provision of Section 53531, the rate of interest shall not exceed 15 percent a year.

53828. The notes, tax anticipation warrants, or other evidences of indebtedness shall be signed by:

(a) The chairman of the board of supervisors and countersigned by the auditor and treasurer of the county or of the county having the largest area within the regional park district.

(b) The mayor, and countersigned by the city treasurer and chief accounting officer, for a city.

(c) The presiding officer of the legislative body, and countersigned by the officers performing the functions of auditor and treasurer of the municipal or public corporation or district.

53829. The repayment of money borrowed by a county, city, or municipal or public corporation or district other than a school district, county board of education, or community college district constitutes a first lien and charge against the taxes levied for the fiscal year in which it was borrowed and shall be repaid from the first money received by the county, city, or municipal or public corporation or district other than a school district, county board of education, or community college district from the taxes.

53830. The repayment of money borrowed by any school district, county board of education, or community college district constitutes a first lien and charge against the taxes, revenue, and other income collected during the fiscal year in which the money was borrowed and shall be repaid from the first money received by such school district, county board of education, or community college district from the taxes, revenue, and income.

53830.5. (a) As to any notes, tax anticipation warrants, or other evidences of indebtedness issued by a school district, county board of education, or community college district pursuant to this article on or after January 1, 1993, the governing board may elect, by the adoption of a resolution by affirmative vote of the number of governing board members required for the adoption of the resolution described in Section 53825, to guarantee payment in accordance with the following:

(1) The governing board making the election authorized by this subdivision shall so notify the Controller. That notice shall include a schedule of payment for the notes, tax anticipation warrants, or other evidences of indebtedness, and shall identify the trustee appointed by the governing board for the purposes of paragraphs (2) and (3). For purposes of this section, "notes, tax anticipation warrants, or other evidences of indebtedness" means any debt with a maximum maturity not exceeding one year from the date of issue and a maturity date that is within the fiscal year of issue.

(2) If, for any reason, the funds otherwise available to the agency for any payment due under the terms of the notes, tax anticipation warrants, or other evidences of indebtedness will not be sufficient for that purpose at the time payment is required as to any one or more of the notes, tax anticipation warrants, or other evidences of indebtedness, the agency shall so notify the trustee.

The trustee immediately shall communicate that information to the affected person or persons holding the notes, tax anticipation warrants, or other evidences of indebtedness, and to the Controller.

If the agency is a school district, the trustee also shall communicate that information immediately to the county superintendent of schools.

(3) When the Controller receives from the trustee the notice described in paragraph (2), or the agency fails to make any payment of one or more of the notes, tax anticipation warrants, or other evidences of indebtedness at the time that payment is required, the Controller shall make one or more apportionments to the trustee, subject to paragraph (4), in a total amount equal to the amount of the required payment from moneys appropriated to the State School Fund, and the trustee thereupon shall make that payment. The Controller shall withhold the amount of any payment made under this paragraph, including reimbursement of the Controller's administrative costs as determined under a schedule approved by the California Debt Advisory Commission, from any subsequent apportionment or apportionments to be made to the agency from the State School Fund.

(4) The amount apportioned to a trustee pursuant to paragraph (3) in any month shall not exceed the amount that otherwise would be apportioned to the agency for that month from the State School Fund.

This paragraph does not prohibit the Controller from making two or more apportionments to a trustee pursuant to paragraph (3) as necessary to satisfy a required payment in accordance with that paragraph.

(5) The resolution shall state both of the following:

(A) That the agency maintains an overall positive fund equity as of the date of the adoption of the resolution, and that the governing board anticipates that the agency will maintain an overall positive fund equity at the end of the fiscal year in which the notes, tax anticipation warrants, or other evidences of indebtedness are issued.

For purposes of this section, "overall positive fund equity" means that the sum of the cash available to the agency and its accounts receivable exceeds the amount of the accounts payable by the agency.

(B) That the governing board of the agency understands, in authorizing the Controller to make the payment described in paragraph (3) and, accordingly, to withhold certain funds that otherwise would be apportioned to the agency, that the nonpayment of salaries or other obligations of the agency may result.

(6) Upon the adoption of a resolution as described in this section by the governing board of a school district, that governing board shall file a copy of the resolution with the appropriate county superintendent of schools at least 20 days prior to the sale of any notes, tax anticipation warrants, or other evidences of indebtedness authorized pursuant to the resolution. At the request of the school district governing board, the county superintendent of schools may waive or reduce the 20-day requirement described in this paragraph.

(b) This section shall not be construed to obligate the State of California to make any payment to or on behalf of any school district, county board of education, or community college district from the State School Fund in any amount, or pursuant to any particular allocation formula, or to make any other payment to or on behalf of a school district, county board of education, or community college district, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by a school district, county board of education, or community college district pursuant to this section or any other provision of this article.

(c) This section shall not be applied so as to impair the obligation of any contract that is in effect as of January 1, 1993, in a manner that would violate either Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution.

(d) Any apportionment made by the Controller pursuant to paragraph (3) of subdivision (a) shall be deemed to be an allocation to a school district for purposes of subdivision (b) of Section 8 of Article XVI of the California Constitution, and for purposes of Chapter 2 (commencing with Section 41200) of Part 24 of the Education Code.

53831. All such notes, tax anticipation warrants, or other evidences of indebtedness issued for funds borrowed prior to December 31st in any fiscal year shall be repaid not later than that date.

All other evidences of indebtedness for funds borrowed in any fiscal year shall be repaid not later than May 30th of such fiscal year.

Notes, tax anticipation warrants, or other evidences of indebtedness shall not be issued after December 31st in any fiscal year if funds borrowed prior to December 31st are not repaid prior to that date.

53832. Loans made pursuant to this article shall be made solely for the purpose of anticipating income. In the case of a county, a city, or a municipal or public corporation or district other than a school district, county board of education, or community college district, the loans shall be made solely upon the credit of revenue from taxes provided for the fiscal year in which loans are made. In the case of a school district, county board of education, or community college district, the loans shall be made solely upon the credit of income and revenue provided for the fiscal year in which loans are made.

53833. The legislative body of each local agency may include in its budget, separately stated, amounts of anticipated disbursement to meet the interest to be paid on any funds borrowed pursuant to this article.

Alternate Procedure for Temporary Borrowing

53840 It is hereby declared the intention of the Legislature by the enactment of this article to provide an alternative procedure under which short term loans may be procured by those counties in which the board of supervisors has declared it to be county policy to make advances of current operating requirements to subsidiary political subdivisions required by law to deposit their funds in the county treasury as such advances are authorized by the provisions of Section 25 of Article XIII of the State Constitution. In any such county the board of supervisors, upon recommendation of the county treasurer with the approval of the county auditor, may borrow on July 1st or thereafter such amounts as may be required to meet current obligations payable by the county treasury, pending collection of the revenue provided for the year in progress. Amounts so borrowed shall be evidenced by notes signed by the chairman of the board of supervisors, the county auditor and the county treasurer, and the liability created thereby shall be secured by a lien on all revenue to accrue to the county treasury from any source during the year then in progress.

53841. Any amounts borrowed by a county as provided in the preceding section shall not exceed 85 percent of the total of taxes levied for all purposes on said county's tax roll for the next preceding fiscal year, and at no time during the year for which borrowed shall the unpaid total of the amounts so borrowed as shown by the auditor's accounts at the close of any month be allowed to remain at more than 85 percent of the uncollected balance of taxes for the current year as shown by said accounts.

53841.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

53842. Amounts borrowed as above provided shall be entered to the credit of the county's general reserve fund and may be used to make advances to operating funds in the county treasury as authorized by Section 25 of Article XIII of the State Constitution. Payment of the notes upon their due dates shall be made by warrants drawn by the county auditor on the general reserve fund.

53843. In any county which finds it necessary to borrow current operating requirements, as provided in the foregoing sections, the board of supervisors shall either:

(1) Advertise for bids by publication for two weeks in a newspaper of general circulation in the county, setting forth the date upon which the amount will be required, which shall be not less than three weeks following the date of the first publication, the amount required and the repayment date. Bids shall be opened at the time set forth in the notice which shall be during a regular meeting of the board; and the board, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent, or

(2) After finding that time is of the essence, direct the county treasurer to negotiate for a loan to the county and to solicit and receive bids without advertising for them. The board of supervisors, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent, or

(3) After finding that any political subdivision subject to this article periodically requires advances of current operating requirements prior to receipt of tax revenues, direct the county treasurer, upon request of such political subdivision, to solicit and receive bids for loans from time to time without advertising for them. The board of supervisors, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent.

53844. In any county which qualifies as set forth in Section 53840 to use the foregoing procedure for short-term financing, all interest payments on the loans may, in the discretion of the board of supervisors, be charged to the general fund of any district or fund for which loans have been made. All interest earned on funds in the county treasury shall be credited to said general fund of the county, excepting therefrom the interest on deposits of school districts which shall accrue to the general funds of the respective school districts, the interest earned on specific investments of a local agency as authorized by Section 53601 of this code or by Section 5007 of the Education Code, and moneys on deposit in court in eminent domain actions pursuant to Article 1 (commencing with Section 1255.010) of Chapter 6 of, or Article 2 (commencing with Section 1268.110) of Chapter 11 of, Title 7 of Part 3 of the Code of Civil Procedure.

Another Alternate Procedure for Temporary Borrowing

53851 The powers conferred by this article are in addition to and an alternative to any power conferred by any other law for borrowing by a local agency and any amount borrowed hereunder shall not be considered in any limitation on the amount which may be borrowed by any such local agency under any other law.

53852. On or after the first day of any fiscal year a local agency may borrow money pursuant to this article, the indebtedness to be represented by a note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency.

53852.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

53853. (a) The note or notes shall be issued pursuant to a resolution adopted by the legislative body of the local agency authorizing the issuance of the note or notes, except that the note or notes of a county board of education, school district, charter school, or community college district that has not been accorded fiscal accountability status pursuant to Section 1080, 42647, 42650, or 85266 of the Education Code shall be issued in the name of the school district, charter school, or community college district by the board of supervisors of the county, the county superintendent of which has jurisdiction over the school district, charter school, or community college district, as soon as possible following receipt of a resolution of the governing board or body of the school district, charter school, or community college district requesting the borrowing and the note or notes of a county board of education shall be issued in the name of the county board of education by the board of

supervisors of the county as soon as possible following receipt of a resolution of the county board of education requesting that the county assist in that borrowing. The school district, charter school, community college district, or county board of education that submits that resolution to the county board of supervisors shall simultaneously provide a copy of the resolution to the county superintendent of schools and the county treasurer.

(b) Notwithstanding subdivision (a), if the appropriate county board of supervisors fails to authorize, by resolution, the issuance of a note or notes in the name of a county board of education, school district, charter school, or community college district as specified by that subdivision within 45 calendar days following its receipt of the resolution of the county board of education, the governing board of the school district or community college district, or the governing body of the charter school requesting that issuance, or if the county board of supervisors notifies the county board of education, school district, charter school, or community college district that it will not authorize that issuance within that 45-day period, then the note or notes may be issued by the county board of education, school district, charter school, or community college district in its name pursuant to the previously adopted resolution.

The resolution adopted by the governing board or body of the school district, charter school, or community college district, or by the county board of education, shall not contain direction to the county treasurer for the investment of any proceeds of the note or notes while deposited in the county treasury, but may direct the investment of proceeds of the note or notes held by a trustee and any other amounts held by that trustee or pledged for repayment or security of the note or notes. This subdivision applies only in the case of a note or notes of a county board of education, school district, charter school, or community college district to be issued in conjunction with a note or notes of one or more other county board of education, school district, charter school, or community college district. A county board of supervisors, county treasurer, or county auditor shall not be deemed to have any fiduciary responsibility with regard to any note or notes issued pursuant to this subdivision.

This subdivision shall not apply to a county board of education, school district, charter school, or community college district that is under the authority of a trustee as a result of accepting an emergency apportionment.

(c) Notes authorized to be issued may be issued from time to time as provided in the resolution. The resolution of the county board of education, school district, charter school, or community college district shall set forth the form and the manner of execution of the note or notes.

53854. Any note issued under this article may be negotiable, may be payable to order or to bearer and may be in any denomination. Such note shall be payable not later than the last day of the fiscal year in which it is issued; provided that such note may be made payable during the fiscal year succeeding the fiscal year in which issued, but in no event later than 15 months after the date of issue, when such note is payable only from revenue received or accrued during the fiscal year in which issued. Such note may bear interest not to exceed 10

percent per annum, payable as provided therein. Such interest may be represented by coupons attached to said note.

53855. The resolution authorizing the issuance of any note may provide that such note shall be subject to call and redemption prior to maturity, at the option of the local agency, at such price or prices as may be fixed in the resolution, not exceeding a premium of 3 percent of the par value of the note so subject to redemption. The resolution shall fix the method of giving notice of redemption to the holder of the note to be redeemed and the price or prices at which the note shall be subject to redemption. A note so subject to call and redemption prior to maturity shall contain a recital to that effect on its face, and no note shall be subject to call or redemption prior to its fixed maturity date unless it contains such recital.

53856. Any taxes, income, revenue, cash receipts, or other moneys of the local agency, including moneys deposited in inactive or term deposits, may be pledged to the payment of the note or notes and the interest thereon, except, however, that no moneys which, when received by the local agency, will be encumbered for a special purpose may be pledged for the payment of the note or notes or the interest thereon unless an equivalent amount of the proceeds from said note or notes is set aside for and used for said special purpose. The resolution authorizing the issuance of the note or notes shall specify what taxes, income, revenue, cash receipts or other moneys are pledged for the payment thereof. The note or notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the local agency from, such pledged moneys.

For the purposes of this section, "revenue" includes, but is not limited to, revenue from the state and federal governments.

53856.1. (a) The Board of Supervisors of Orange County, in the resolution authorizing the issuance of any note or notes, may provide that the board elects to guarantee payment of the note or notes 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 notes, and identify a note trustee appointed by Orange County for the purposes of this section.

(2) In the event that, for any reason, the funds made available pursuant to this article for the payment of principal and interest of the notes 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 notes, Orange County shall so notify the trustee. The trustee shall immediately communicate that information to the affected note holders 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 notes 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 notes, 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.

53857. Notwithstanding the provisions in Section 53856, any note issued pursuant to this article shall be a general obligation of the local agency, and, to the extent not paid from the taxes, income, revenue, cash receipts or other moneys of the local agency pledged for the payment thereof shall be paid with the interest thereon from any other moneys of the local agency lawfully available therefor; provided, however, that any tax levied by a county for interest on notes for borrowed money shall be in addition to all other taxes and shall not be less than sufficient to pay the interest on notes for borrowed money as is to become due before the time for making the next general tax levy.

53858. Notes shall not be issued pursuant to this article in any fiscal year in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other moneys of the local agency which will be available for the payment of said notes and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes is secured by a pledge of the amount in any inactive or term deposit of the local agency, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

For the purposes of this section, "revenue" includes, but is not limited to, revenue from the state and federal governments.

State and Local Jurisdiction Appropriation Limits

7902.1 (a) If, beginning with the 1980-81 fiscal year or any fiscal year thereafter, the proceeds of taxes of a school district, community college district, or county superintendent of schools, exceed its appropriations limit determined pursuant to Section 7902 for that fiscal year, the governing body of the school district or

community college district, or the county superintendent of schools, may increase its appropriations limit to an amount equal to its proceeds of taxes.

(b) In the event that the governing body of a district or the county superintendent of schools increases its appropriations limit pursuant to this section, it shall notify the Director of Finance of the change within 45 days.

(c) Any increase in a local jurisdiction's appropriations limit pursuant to this section shall, in the fiscal year in which the change is made, reduce the appropriations limit of the state by an equal amount.

OTHER COUNTY DEPARTMENT TREASURY REQUIREMENTS

Board of Supervisors Public Fund Responsibility

25303 The board of supervisors shall supervise the official conduct of all county officers, and officers of all districts and other subdivisions of the county, and particularly insofar as the functions and duties of such county officers and officers of all districts and subdivisions of the county relate to the assessing, collecting, safekeeping, management, or disbursement of public funds. It shall see that they faithfully perform their duties, direct prosecutions for delinquencies, and when necessary, require them to renew their official bond, make reports and present their books and accounts for inspection.

This section shall not be construed to affect the independent and constitutionally and statutorily designated investigative and prosecutorial functions of the sheriff and district attorney of a county. The board of supervisors shall not obstruct the investigative function of the sheriff of the county nor shall it obstruct the investigative and prosecutorial function of the district attorney of a county.

Nothing contained herein shall be construed to limit the budgetary authority of the board of supervisors over the district attorney or sheriff.

District Attorney's Treasury Responsibilities

26503 The district attorney shall deliver receipts for money or property received in his official capacity and file duplicates with the county treasurer.

Auditor's Treasury Responsibilities

26900 The auditor shall examine and settle the accounts of any persons indebted to the county or holding money payable into the county treasury, and shall certify the amount to the treasurer. Upon the presentation and filing of the treasurer's receipt therefor, the auditor shall give to such person a discharge and charge the treasurer with the amount received by him.

Tax Collector's Treasury Responsibilities

27401 At least once a month the tax collector shall pay the public money in his hands into the county treasury, taking the receipt of the treasurer therefor.

County Clerk's Treasury Responsibilities

70017 The county clerk shall, on or before the first day of each calendar month, transmit to the county treasurer all money paid to him pursuant to this article during the preceding calendar month, or up to the day immediately preceding the day on which he transmits such money, and such money shall be deposited in the salary fund of such county.

Coroner's Treasury Responsibilities

27466 If, within 90 days after the inquest, no legal representative makes a demand upon the coroner for the money or property found upon the body of the decedent, the coroner

shall deliver to the treasurer any money, and the proceeds of the sale of any property found upon the body. At the same time, the coroner shall deliver an affidavit to the treasurer showing:

(a) The amount of money belonging to the estate of the deceased person which has come into his possession since the coroner's last statement.

(b) The disposition made of any property.

COUNTY BUDGET REQUIREMENTS

Department Budget Requirements

29040 On or before June 10 of each year, each official in charge of any budget unit shall provide the administrative officer or the auditor, as the board directs, an itemized request detailing the estimate of financing sources, financing uses, and any other matter required by the board.

Proposed Budget

29060 The administrative officer or auditor, as designated by the board, shall compile the budget requests.

Final Budget

29080 On or before September 8 of each year, the board shall publish a notice in a newspaper of general circulation stating that:

(a) The recommended budget documents are available to members of the public.

(b) On the date stated in the notice, not fewer than 10 days after the recommended budget documents are available, and at a time and place also stated in the notice, the board will conduct a public hearing on the recommended budget.

(c) Any member of the public may appear at the hearing and be heard regarding any item in the recommended budget or for the inclusion of additional items.

(d) All proposals for revisions shall be submitted in writing to the clerk of the board of supervisors before the close of the public hearing.

Budget Appropriations and Transfers

29120 Except as otherwise provided by law, the board and every other county or dependent special district official and person shall be limited in the incurring or paying of obligations to the amounts of the appropriations allowed for each budget unit as originally adopted or as thereafter revised by addition, cancellation, or transfer.

Miscellaneous Budget Documents

29141 The adopted budget shall include a schedule showing the managerial budget of each service activity financed by a proprietary fund established pursuant to Sections 25260 and 25261. The schedule shall set forth expected operations of the activity in such detail for revenues, expenses, and reserves as will adequately display the nature and the approximate size of its operations. Comparative data as prescribed in Section 29006 shall be provided.

Emergencies—Exceeding the Budget

53790 Notwithstanding budget limitations and restrictions imposed by law except limitations imposed by the Constitution, a city, county, or district may incur all necessary expenses, expend public funds, and expend, use, or permit the use of public property or personnel to

meet a national or local emergency created by war, military, naval, or air attack, or sabotage, or to provide for adequate national or local defense.

Funds—Miscellaneous shortages

29390 The board of supervisors may, by a resolution incorporating such limitations and safeguards as may be deemed in the best interests of the county, provide that county officers and employees who are responsible for receiving and paying out money may be relieved of shortages in their accounts, where there is no proof of fraud or gross negligence in connection with the shortage and where the loss is not covered by insurance. If the board of supervisors after an investigation and report by the county auditor approves the coverage of such shortage, it shall be entered in its minutes and shall be a charge against the general fund of the county.

COUNTY FUNDS

Separate Funds

29300 The income and revenue paid into the county treasury shall be at once appropriated to and kept in separate funds.

General Fund

29301 The general fund consists of money received into the treasury and not specially appropriated to any other fund.

Revolving Funds

29321 The board of supervisors may establish a revolving fund for the use of any officer of the county by adopting a resolution setting forth: (a) the necessity for the fund, (b) the office, department, service, or institution for which the fund is available, and (c) the amount of the fund, which shall not exceed two hundred fifty thousand dollars ($250,000).

Salary Fund

29350 All fees directed to be paid into the county treasury shall be set apart as a separate salary fund, and shall be applied to the payment of salaries.

County Officer's Cash Difference Fund

29370 The board of supervisors may establish a county officers cash difference fund for the use of any county officer or administrative head of any county department handling county funds by adopting a resolution setting forth the amount of the fund. Certified copies of the resolution shall be transmitted to the county auditor and to each county officer or administrative head of a county department who has such fund.

Overage Fund

29371 If the board elects to establish a cash difference fund, it shall by the same resolution also establish an overage fund for the use of each county officer or administrative head of a county department affected.

Borrowing from Funds

29501 Whenever the principal or interest on any bonds legally issued by the county or any district within the county which becomes due and there is not sufficient money in the fund established for the payment of the principal or interest to pay it, the board of supervisors may order the amount of money necessary to pay the principal or interest, or both, to be transferred from the general fund to the debt service fund provided for the payment of such principal and interest pending the collection of any taxes or ad valorem assessment which have been levied for that purpose.

The amount transferred is a loan to the fund, and the auditor shall retransfer it to the general fund not later than the apportionment of the second installment of taxes collected on the current secured roll. The board shall not advance to any debt service fund an amount

greater than the amount of uncollected taxes or ad valorem assessments levied for the payment of the principal and interest on the bonds.

Temporary Transfer of Funds

CA Constitution Article XVI, Sec 6 The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the State from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of state money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and

waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

Government Code

23010. (a) Pursuant to a resolution adopted by its board of supervisors, a county may lend any of its available funds to any community services district, county waterworks district, mosquito abatement district, pest abatement district, fire protection district, flood control and water conservation district, recreation and park district, regional park district, regional park and open-space district, regional open-space district, resort improvement district, or public cemetery district located wholly within the county, if its funds are or when available will be in the custody of the county or any officer of the county, in order to enable the district to perform its functions and meet its obligations. The loan shall not exceed 85 percent of the district's anticipated revenue for the fiscal year in which it is made or for the next ensuing fiscal year, and shall be repaid out of that revenue prior to the payment of any other obligation of the district.

(b) Pursuant to a resolution adopted by its board of supervisors, a county may loan any of its available funds to a special district, in order to enable the district to perform its functions and meet its obligations. The loan shall not exceed 85 percent of the special district's anticipated property tax revenue projected to be generated for the fiscal year in which it is made or for the next ensuing fiscal year within that portion of the district's territory which is located within the county. The loan shall be repaid out of any available revenue of the special district prior to the payment of any other obligation of the district.

For purposes of this subdivision, "special district" means a special district, as defined in Section 54775, which is located in more than one county.

(c) The board of supervisors may borrow funds from the county or from other garbage disposal districts, not to exceed 85 percent of the district's anticipated revenue for the fiscal

year in which they are borrowed or for the next ensuing fiscal year. In levying taxes or prescribing and collecting fees or charges as authorized by this division, the board of supervisors may raise sufficient revenues to repay the loans.

The board of supervisors may lend available district funds to another garbage disposal district, subject to the terms and conditions set forth in this section.

Nothing contained in this section shall prohibit the board of supervisors from borrowing funds from banks or other financial institutions when the best interests of the district are served thereby.

(d) Notwithstanding any other provisions of law, funds, when borrowed by a garbage disposal district pursuant to subdivision (c), shall forthwith increase the appropriations of the district for which they are needed. The governing body of the entity from which the funds are borrowed may specify the date and manner in which the funds shall be repaid. The loan shall not exceed 85 percent of the district's anticipated revenue for the fiscal year in which it is made or for the next ensuing fiscal year, and shall be repaid out of that revenue prior to the payment of any other obligation of the district.

(e) The district shall pay interest on all funds borrowed from the county at the same rate that the county applies to funds of the district on deposit with the county.

23010.1. Pursuant to a resolution adopted by its board of supervisors, a county may lend any of its available funds to any fire protection district located wholly within the county if the funds of the fire protection district are or, when available, will be in the custody of the county treasurer, for the acquisition of real or personal property and the construction of structures needed for district purposes.

The board of supervisors in the resolution shall specify the date and manner in which the funds shall be repaid. The resolution may require the repayment of the loan in equal annual installments. The loan shall be repaid within the time specified in the resolution which shall not in any event exceed 10 years.

23010.2. The board of supervisors may loan to any city within its limits which has been incorporated for less than one year an amount not exceeding eighty-five percent (85%) of the city's anticipated revenues for the fiscal year in which such loan is made. Such loans shall be repaid within the fiscal year in which made.

23010.3. Upon adoption of an authorizing resolution by the board of supervisors, in connection with the construction of any sanitary sewer, storm sewer, or drainage improvements, a county may expend any of its available funds for any additional cost of construction of any conveyance works in excess of the construction required for the current project, or for a portion of the cost of conveyance works directly benefiting properties in an area outside the area to be served by the current project, if the board of supervisors first finds and declares in that resolution, that there is an area outside the area to be served by the current project which may in the future utilize the conveyance works; that additional construction of conveyance works for the current project is necessary to serve the outside area in the future; and that the board of supervisors will have the right in the future to use, or to permit the use of, the conveyance works and the additional construction which will benefit

the outside area. In lieu of a county contribution of funds for additional construction or for a portion of the cost of the conveyance works where an outside area is directly benefited, the board of supervisors may agree to reimburse, from future connection fees, any entity or person described in subdivisions (a) to (g), inclusive.

The provisions of this section shall be applicable in cases in which improvements are to be constructed by any of the following:

(a) A county pursuant to the "The Improvement Act of 1911," Division 7 (commencing with Section 5000) of the Streets and Highways Code.

(b) A county pursuant to the "Municipal Improvement Act of 1913," Division 12 (commencing with Section 10000) of the Streets and Highways Code.

(c) A county in any other manner.

(d) Any district which is governed by the board of supervisors of the county in which the work is to be performed.

(e) Any district, not governed by the board of supervisors of the county in which the work is to be performed, with which the board of supervisors has contracted so as to assure the right of the county to use the conveyance works and the additional construction, for the future benefit of the outside area.

(f) Any incorporated city with which the board of supervisors has contracted so as to assure the right of the county to use the conveyance works and the additional construction, for the future benefit of the outside area.

(g) Any person, if the works when completed are to be dedicated or conveyed to the county or to a district governed by the board of supervisors of the county in which the work is to be performed.

The board of supervisors may impose a connection fee upon any person or district in the outside area to be paid to the county as a condition to connecting to any conveyance works which have been augmented by additional construction, or which have been found by the board of supervisors to directly benefit the outside area, pursuant to this section. The connection fee shall be a prorated share of the total cost of the additional construction, or of the portion of the costs of the conveyance works where an outside area is directly benefited. The fee may include a reasonable amount for administrative costs associated with the collection of the fee and to provide reimbursement to an entity or person described in subdivisions (a) to (g), inclusive. In computing the total cost of the additional construction, or of the portion of the costs of the conveyance works where an outside area is directly benefited, the board of supervisors shall include an amount attributable to interest from the date of completion of the construction to the date of connection and, in the event the board of supervisors agrees to reimburse, from future connection fees, any entity or person described in subdivisions (a) to (g), inclusive, all accrued interest shall be payable to that entity or person.

This section shall not decrease or limit any other power vested in counties or boards of supervisors.

23010.4. Upon receipt of an application from the governing body of any school district maintaining a school within a county, requesting to borrow funds from the county for the purpose of removing or replacing asbestos-derived materials used in constructing, insulating, or furnishing one or more of those schools, and declaring the existence of such asbestos-derived material to be potentially detrimental to the health of pupils, teachers, and others using the school, the county board of supervisors may loan, and the school district may borrow, the requested county funds upon such terms and conditions as are mutually agreed upon by the respective governing bodies, provided that the loan shall be repaid only from the school district's deferred maintenance fund established pursuant to Section 39618 of the Education Code.

Transportation Fund

29530 (a) If the board of supervisors so agrees by contract with the State Board of Equalization, the board of supervisors shall establish a local transportation fund in the county treasury and shall deposit in the fund all revenues transmitted to the county by the State Board of Equalization under Section 7204 of the Revenue and Taxation Code, which are derived from that portion of the taxes imposed by the county at a rate in excess of 1 percent, and on and after July 1, 2004, until the rate modifications in subdivision (a) of Section 7203.1 of the Revenue and Taxation Code cease to apply, at a rate in excess of three-quarters of 1 percent, pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of that code, less an allocation of the cost of the services of the State Board of Equalization in administering the sales and use tax ordinance related to the rate in excess of 1 percent, and on and after July 1, 2004, until the rate modifications in subdivision (a) of Section 7203.1 of the Revenue and Taxation Code cease to apply, to the rate in excess of three-quarters of 1 percent, and of the Director of Transportation and the Controller in administering the responsibilities assigned to him or her in Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code.

(b) Any interest or other income earned by investment or otherwise of the local transportation fund shall accrue to and be a part of the fund.

County Charges

Expenses of Officers Attending Conventions

29610 The expenses of any elected county officer incurred while traveling to and from and while attending the annual convention of his or her respective association, are county charges which do not require prior approval of the board of supervisors. The board of supervisors may require prior approval by the board of supervisors for any other officer or employee to incur those expenses as county charges.

Necessary Litigation Expenses

29611 The necessary expenses, incurred by the auditor and treasurer in the defense and prosecution of any action brought by or against them to test the validity or constitutionality of any act of the Legislature or of the board of

supervisors or of any order providing for the payment of any funds held in the county treasury are county charges.

Charges Incurred Against County—Sheriff, DA

29600 Charges incurred against the county pursuant to this title are county charges.

WARRANTS

General Information

29800 All warrants issued by the county auditor shall be numbered consecutively within each series. The number, date, amount of each, and the name of the person to whom payable, shall be stated thereon. The auditor shall enter the warrants in his register at the time they are issued.

Warrant Payment

29820 When a warrant is presented for payment, if there is money in the fund for that purpose, the treasurer shall pay it by any of the following methods:

(a) By stamping thereon or perforating therein the word "Paid" and the date of payment.

(b) In accordance with those practices with respect to form, issuance, delivery, endorsement, and payment as approved by the governing board pursuant to Section 53910.

(c) By accepting the paid data per the treasurer's bank.

At the option of the treasurer, warrants may be payable at the treasurer's office or at any bank at which money of the county is deposited.

Registered Warrants

29821 Whenever an issuing officer draws a warrant upon the fund in an amount that exceeds the balance of the fund and the issuing officer determines that the warrant requires registration, the issuing officer shall, prior to the issuance of that warrant, present it to the treasurer for registration pursuant to Section 29823.

Duplicate Warrants

29850 If any warrant issued by the county auditor is lost or destroyed before it is paid by the treasurer, the amount due may be recovered by the legal owner or custodian by filing with the auditor or his or her designee an affidavit setting forth the fact of the loss or destruction of the warrant, the number, date, amount, and name of the payee, and all material facts relative to its loss or destruction. The legal owner or custodian is entitled to file this affidavit at any time prior to the time the warrant becomes void.

BONDS

General Information

29900 Any county may issue funding or refunding bonds pursuant to this chapter for the following purposes:

(a) To refund any outstanding county indebtedness, evidenced by bonds or warrants.

(b) For any purposes for which the board of supervisors is authorized to expend the funds of the county.

(c) For the purpose of building or constructing roads, bridges, or highways.

Collateralized Borrowing

53595 As used in this article:

(a) "Debt instruments" means bonds, notes, certificates of participation, or other evidences of indebtedness issued by a local agency pursuant to this article.

(b) "Indenture" means the instrument providing the terms and conditions for the issuance of the debt instruments, and may be a resolution, order, agreement, or other instrument.

(c) "Legislative body" means the city council, board of supervisors, or other legislative or governing body of a local agency.

(d) "Local agency" means any city, county, city and county, district, including, but not limited to, a school district or other public entity authorized to enter into a tax increment agreement.

(e) "Redevelopment agency" means a redevelopment agency established pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code and includes a community development commission exercising the powers granted to a redevelopment agency pursuant to Section 34141 of the Health and Safety Code.

(f) "Tax increment" means that portion of tax revenues allocated to a redevelopment agency pursuant to subdivision (b) of Section 33670 of the Health and Safety Code.

(g) "Tax increment agreement" means any agreement between a local agency and a redevelopment agency which allocates tax increment to the local agency pursuant to Section 33401 of the Health and Safety Code.

(h) "Tax increment revenues" means tax increment received or receivable by a local agency pursuant to a tax increment agreement.

Destruction of Unsold Bonds

29940 At any time after two years subsequent to the date of any election authorizing the issuance of bonds for county purposes, the board of supervisors may determine that the

sale of any bonds remaining unsold is inexpedient and order their destruction, pursuant to this article.

Special Improvement Bonds

29950 Any county may incur a bonded indebtedness for any of the following purposes.

(a) To acquire any bonds:

(1) Issued by the county.

(2) Issued by or for any district in the county.

(3) Issued for street work or other public improvements of any kind or character in the county under any act of the Legislature providing for the performance of street work or any other public improvements.

(b) To represent or be secured by assessments levied for such work or improvements, including any bonds issued under the Road District Improvement Act of 1907, the Acquisition and Improvement Act of 1925, and the Street Opening Bond Act of 1921.

Payment of Unauthorized Indebtedness

30000 If it appears to the satisfaction of the board of supervisors that the county is justly indebted to any person for money received into the treasury of the county and used by the county, for an indebtedness which at the time of its creation was not authorized by law, it shall by ordinance declare that the county is justly indebted to the person named in the ordinance in a sum stated therein, and that the question of issuing bonds in the sum stated, for the purpose of paying the debt shall be submitted to a vote of the voters of the county.

Bond Registration

5000 The owner of any coupon bond, or of any bond payable to bearer, issued by the State, or any county, municipal corporation, or other public corporation in the State may present the bond to the treasurer or other officer who by law performs the duties of treasurer and request the conversion of the bond into a registered bond.

Registered Public Obligation Act of California

5050 This chapter may be cited as the Registered Public Obligations Act of California.

5051. As used in this chapter, the following terms have the following meanings, unless the context otherwise requires:

(a) "Authorized officer" means any individual required or permitted, alone or with others, by any provision of law or by the issuing public entity, to execute on behalf of the public entity a certificated registered public obligation or a writing relating to an uncertificated registered public obligation.

(b) "Certificated registered public obligation" means a registered public obligation which is represented by an instrument.

(c) "Code" means the Internal Revenue Code of 1954, as amended.

(d) "Facsimile seal" means the reproduction by engraving, imprinting, stamping, or other means of the seal of the issuer, official or official body.

(e) "Facsimile signature" means the reproduction by engraving, imprinting, stamping, or other means of a manual signature.

(f) "Financial intermediary" means a bank, broker, clearing corporation, or other person, or the nominee of any of them, which in the ordinary course of its business maintains registered public obligation accounts for its customers, when so acting.

(g) "Issuer" means a public entity which issues an obligation.

(h) "Obligation" means an agreement of a public entity to pay principal and any interest thereon, whether in the form of a contract to repay borrowed money, a lease, an installment purchase agreement, or otherwise, and includes a share, participation, or other interest in any such agreement.

(i) "Official actions" means the actions by statute, order, ordinance, resolution, contract, or other authorized means by which the issuer provides for issuance of a registered public obligation.

(j) "Official or official body" means the officer or board that is empowered under the laws of this state to provide for original issuance of an obligation of the issuer, by defining the obligation and its terms, conditions, and other incidents, the successor or successors of any such official or official body, and such other person or group or persons as shall be assigned duties of such official or official body with respect to a registered public obligation under applicable law from time to time.

(k) "Public entity" means any entity, department, or agency which is empowered under the laws of this state, to issue obligations any interest with respect to which may, under provision of law, be provided an exemption from the income tax referred to in the code. The term "public entity" may thus include, without limitation, the state, an entity deriving powers from and acting pursuant to the State Constitution or a special legislative act, a political subdivision, a municipal corporation, a state university or college, a school or other special district, a joint agreement entity, a public authority, a public trust, a nonprofit corporation, and other organizations.

(l) "Registered public obligation" means an obligation issued by a public entity pursuant to a system of registration.

(m) "System of registration" and its variants means a plan that provides:

(i) With respect to a certificated registered public obligation that (1) the certificated registered public obligation specify a person entitled to the registered public obligation and the rights it represents, and (2) transfer of the certificated registered public obligation and the rights it represents may be registered upon books maintained for that purpose by or on behalf of the issuer; and

(ii) With respect to an uncertificated registered public obligation, that (1) books maintained by or on behalf of the issuer for the purpose of registration of the transfer of a registered public obligation specify a person entitled to the

registered public obligation and the rights evidenced thereby, and (2) transfer of the uncertificated registered public obligation and the rights evidenced thereby be registered upon such books.

(n) "Uncertificated registered public obligation" means a registered public obligation which is not represented by an instrument.

5052. (a) The code provides that interest with respect to certain obligations may not be exempt from federal income taxation unless they are in registered form. It is, therefore, a matter of state concern that public entities be authorized to provide for the issuance of obligations in such form. It is a purpose of this chapter to empower all public entities to establish and maintain a system pursuant to which obligations may be issued in registered form within the meaning of the applicable provisions of the code.

(b) Obligations have traditionally been issued in bearer rather than in registered form, and a change from bearer to registered form may affect the relationships, rights, and duties of issuers of, and the persons that deal with obligations, and by such effect, the costs. Such effects will impact the various issuers and varieties of obligations differently depending on their legal and financial characteristics, their markets, and their adaptability to recent and prospective technological and organizational developments. It is, therefore, a matter of state concern that public entities be provided flexibility in the development of such systems and control over system incidents, so as to accommodate such differing impacts. It is a purpose of this chapter to empower the establishment and maintenance, and amendment from time to time, of differing systems of registration of obligations, including systems incidents, so as to accommodate the differing impacts upon issuers and varieties of obligations. It is further a purpose of this chapter to authorize systems that will facilitate the prompt and accurate transfer of registered public obligations and developing practices with regard to the registration and transfer of registered public obligations.

5053. (a) Each issuer is authorized to establish and maintain a system of registration with respect to each obligation which it issues. The system may either be (1) a system pursuant to which only certificated registered public obligations are issued, or (2) a system pursuant to which only uncertificated registered public obligations are issued, or (3) a system pursuant to which both certificated and uncertificated registered public obligations are issued. The issuer may amend, discontinue, and reinstitute any system, from time to time, subject to covenants.

(b) The system shall be established, amended, discontinued, or reinstituted for the issuer by, and shall be maintained for, the issuer as provided by, the official or official body.

(c) The system shall be described in the registered public obligation or in the official actions which provide for original issuance of the registered public obligation, and in subsequent official actions providing for amendments and other matters from time to time. Such description may be by reference to a program of the issuer which is established by the official or official body.

(d) The system shall define the method or methods by which transfer of the registered public obligation shall be effective with respect to the issuer, and by which payment of principal and any interest shall be made. The system may permit the issuance of registered public obligations in any denomination to represent several registered public obligations of smaller denominations. The system may also provide for the form of any certificated registered public obligation or of any writing relating to an uncertificated registered public obligation, for identifying numbers or other designations, for a sufficient supply of certificates for subsequent transfers, for record and payment dates, for varying denominations, for communications to holders or owners of obligations, and for accounting, canceled certificate destruction, registration, and release of security interests, and other incidental matters. Unless the issuer otherwise provides, the record date for interest payable on the first or fifteenth days of a month shall be the fifteenth day or the last business day of the preceding month, respectively, and for interest payable on other than the first or fifteenth days of a month, shall be the fifteenth calendar day before the interest payment date.

(e) Under a system pursuant to which both certificated and uncertificated registered public obligations are issued, both types of registered public obligations may be regularly issued, or one type may be regularly issued and the other type issued only under described circumstances or to particular described categories of owners, and provisions may be made for registration and release of security interests in registered public obligations.

(f) The system may include covenants of the issuer as to amendments, discontinuances, and reinstitutions of the system and the effect of such on the exemption of interest from the income tax provided for by code.

(g) Whenever an issuer shall issue an uncertificated registered public obligation, the system of registration may provide that a true copy of the official actions of the issuer relating to such uncertificated registered public obligation be maintained by the issuer or by the person, if any, maintaining such system on behalf of the issuer, so long as the uncertificated registered public obligation remains outstanding and unpaid. A copy of such official actions, verified to be such by an authorized officer, shall be admissible before any court of record, administrative body, or arbitration panel without further authentication.

(h) Nothing in this chapter shall preclude a conversion from one of the forms of registered public obligations provided for by this chapter to a form of obligation not provided for by this chapter, if interest on the obligation so converted will continue to be exempt from the income tax provided for by the code.

(i) The rights provided by other laws with respect to obligations in forms not provided for by this chapter shall, to the extent not inconsistent with this chapter, apply with respect to registered public obligations issued in forms authorized by this chapter.

5054. (a) A certificated registered public obligation shall be executed by the issuer by the manual or facsimile signature or signatures of authorized officers. Any signature of

an authorized officer may be attested by the manual or facsimile signature of another authorized officer.

(b) In addition to the signatures referred to in subdivision (a), any certificated registered public obligation or any writing relating to an uncertificated registered public obligation may include a certificate or certificates signed by the manual or facsimile signature of an authenticating agent, registrar, transfer agent, or the like.

5055. (a) Any certificated registered public obligation signed by the authorized officers at the time of the signing thereof shall remain valid and binding, notwithstanding that before the issuance thereof any or all of such officers shall have ceased to fill their respective offices.

(b) Any authorized officer empowered to sign any certificated registered public obligation may adopt, as and for the signature of such officer, the signature of a predecessor in office in the event that such predecessor's signature appears on such certificated registered public obligation. An authorized officer incurs no liability by adoption of a predecessor's signature that would not be incurred by such authorized officer, if the signature were that of such authorized officer.

5056. When a seal is required or permitted in the execution of any certificated registered public obligation, an authorized officer may cause the seal to be printed, engraved, stamped, or otherwise placed in facsimile thereon. The facsimile seal has the same legal effect as the impression of the seal.

5057. (a) An issuer may appoint for such term as may be agreed, including for so long as a registered public obligation may be outstanding, corporate or other authenticating agents, transfer agents, registrars, paying or other agents, and specify the terms of their appointment, including their rights, their compensation and duties, limits upon their liabilities and provision for their payment of liquidated damages in the event of breach of certain of the duties imposed, which liquidated damages may be made payable to the issuer, the owner or a financial intermediary. None of such agents need have an office or do business within this state.

(b) An issuer may agree with custodian banks and financial intermediaries, and nominees of any of them, in connection with the establishment and maintenance by others of a central depository system for the transfer or pledge of registered public obligations. Any such custodian banks and financial intermediaries, and nominees, if qualified and acting as fiduciaries, may serve also as authenticating agents, transfer agents, registrars, paying or other agents of the issuer with respect to the same issue of registered public obligations.

(c) Nothing shall preclude the issuer from itself performing, either alone or jointly with other issuers, any transfer, registration, authentication, payment, or other function described in this section.

5058. (a) An issuer, prior to or at original issuance of registered public obligations, may provide as a part of a system of registration that the transferor or transferee of the registered public obligations pay all or a designated part of the costs of the system

as a condition precedent to transfer, that costs be paid out of proceeds of the registered public obligations, or that both methods be used. The portion of the costs of the system not provided to be paid for by the transferor or transferee or out of proceeds shall be the liability of the issuer.

(b) The issuer may, as part of a system of registration, provide for reimbursement or for satisfaction of its liability by payment by others. The issuer may enter into agreements with others respecting such reimbursement or payment, may establish fees and charges pursuant to such agreements or otherwise, and may provide that the amount or estimated amount of such fees and charges shall be reimbursed or paid from the same sources and by means of the same collection and enforcement procedures and with the same priority and effect as with respect to the obligations.

5059. Obligations issued by public entities under the laws of this state, which are in registered form, whether or not represented by an instrument, and which, except for their form, satisfy the requirements with regard to security for deposits of moneys of public agencies prescribed pursuant to any law of this state, shall be deemed to satisfy all such requirements, even though they are in registered form, if a security interest in such obligations is perfected on behalf of the public agencies whose moneys are so deposited.

5060. (a) Records, with regard to the ownership of or security interests in registered public obligations, are not subject to inspection or copying under any law of this state relating to the right of the public to inspect or copy public records, notwithstanding any law to the contrary.

(b) Registration records of the issuer may be maintained at such locations within or without this state as the issuer shall determine.

5061. (a) Unless at any time prior to or at original issuance of a registered public obligation the official or official body of the issuer determines otherwise, this chapter shall be applicable to such registered public obligation notwithstanding any provision of law to the contrary. When this chapter is applicable, no contrary provision shall apply.

(b) Nothing in this chapter limits or prevents the issuance of obligations in any other form or manner authorized by law.

(c) Unless determined otherwise pursuant to subdivision (a), the provisions of this chapter shall be applicable with respect to obligations which have heretofore been approved by vote, referendum, or hearing, authorizing or permitting the authorization of obligations in bearer and registered form, or in bearer form only, and such obligations need not be resubmitted for a further vote, referendum, or hearing, for the purpose of authorizing or permitting the authorization of registered public obligations pursuant to this chapter.

5062. This chapter shall be construed in conjunction with the Uniform Commercial Code and the principles of contract law relative to the registration and transfer of obligations.

Unsold Bonds-Powers and Duties of Counties

53400 A county, city, district, or political subdivision may sell any of its bonds, authorized by the electors and unsold, at a price which will net the purchaser not more than 8 percent a year, payable semiannually, on the par value of the bonds.

Mutilated or Defaced Bonds

53431 When a bond of a local agency is mutilated or defaced the legislative body shall issue a duplicate if all of the following conditions exist:

(a) It appears by clear and unequivocal proof that the bond is so mutilated or defaced as to impair its value to the owner.

(b) There is no bad faith on the part of the owner.

(c) The bond is identifiable by number and description.

(d) The regulations, including restrictions as to time and retention for security or otherwise, prescribed by the legislative body are met.

Lost or Destroyed Bonds

53461 The legislative body of a local agency may issue a new bond similar to the original to replace it if:

(a) By competent proof it is made to appear to the legislative body that a bond issued by the local agency is lost or destroyed.

(b) The owner gives an undertaking approved by the legislative body to indemnify the local agency against any loss incurred on account of the bond.

(c) The owner pays all cost of the issuance of the new bond.

Pledge and Use of Revenue to Pay and Secure General Obligation Bonds

53500 As used in this article:

(a) "Local agency" means county, city, city and county, public district, or other public or municipal corporation.

(b) "General obligation bonds" means bonds, warrants, notes or other evidence of indebtedness of a local agency 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 subject to taxation or assessment.

(c) "Legislative body" means the legislative body of the local agency as defined in Section 53000.

(d) "Revenue-producing facility" means an improvement, works, system or facility furnishing or providing services or products for which the local agency is authorized to impose a charge.

(e) "Pledge" means pledge, assign, place a charge upon and place a lien upon.

Validating Proceedings

53511 (a) A local agency may bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(b) A local agency that issues bonds, notes, or other obligations the proceeds of which are to be used to purchase, or to make loans evidenced or secured by, the bonds, warrants, contracts, obligations, or evidences of indebtedness of other local agencies, may bring a single action in the superior court of the county in which that local agency is located to determine the validity of the bonds, warrants, contracts, obligations, or evidences of indebtedness of the other local agencies, pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

Interest Rates on Bonds

53531 Any provision of law specifying the maximum interest rate on bonds to the contrary notwithstanding, bonds may bear interest at a coupon rate or rates as determined by the legislative body in its discretion but not to exceed 12 percent per year payable as permitted by law, unless some higher rate is permitted by law.

Issuance, Sale and Cancellation of Bonds

53541 Any provision of law requiring an election to the contrary notwithstanding, the legislative body without a vote of the electors may issue bonds of the local agency, zone or improvement district if all the following occur:

(a) The principal amount of such bonds does not exceed the then unissued balance of the principal amount of bonds of the same type authorized at an election heretofore held in the local agency, or in such zone or improvement district.

(b) The bonds are issued for the same purpose as that for which the unissued bonds were authorized.

(c) The bonds are issued in accordance with the laws governing the issuance of bonds of the local agency, except for the requirement of a bond election.

Bonds issued pursuant to this section may bear interest at a rate or rates not to exceed 12 percent per year. When bonds are issued pursuant to this section, unissued bonds as referred to in subdivisions (a) and (b) in a principal amount at least equal to the principal amount of bonds issued pursuant to this section, shall be canceled by order of the legislative body and shall not be issued.

Financial Advisors and Bond Counsel

53590 The following terms shall have the following meanings for purposes of this article:

(a) "Bond counsel" means any attorney or firm of attorneys that represents the issuer of a new issue of bonds with respect to the issuance of the bonds and that renders a written legal opinion to, or as counsel for, the issuer with respect to the validity of the bonds.

(b) "Bond" means any bonds, notes, or other evidences of indebtedness issued by any local agency or certificates of participation in any lease, sale, or other obligations of any local agency. "New issue of bonds" means the original issuance of bonds, including refunding bonds, by the issuer to one or more purchasers until, in the case of underwriters, the end of the underwriting period. In the case of bonds with a tender or put option feature, or commercial paper, "new issue of bonds" means only the original issuance and not any remarketing, rollover, or reissuance.

(c) A "financial advisory relationship" exists when an investment firm, or other person or firm in the business of providing financial advisory or financial consulting services to issuers with respect to municipal securities, renders, or enters into an agreement to render, financial advisory or financial consultant services to, or on behalf of, an issuer with respect to a new issue or issues of bonds, including advice with respect to the structure, timing, terms, and other similar matters concerning the issue or issues, for a fee or other compensation or in expectation of such compensation for the rendering of those services. However, a financial advisory relationship does not exist when, in the course of acting as an underwriter, an investment firm renders advice to an issuer, including advice with respect to the structure, timing, terms, and other similar matters concerning a new issue of bonds or when, for any new issuer of bonds, an investment firm advises and assists an issuer with respect to obtaining consent from holders of previously issued bonds in connection with, among other things, amendments of covenants or defaults.

(d) "Investment firm" means any bank, investment bank, partnership, corporation, association, or other firm engaged in the business of buying and selling bonds for its own account or for the account of others as part of its regular business.

(e) "Local agency" means a public district, public corporation, authority, agency, board, commission, county, city and county, city, school district, or other local public entity.

Refunding of Bonded Indebtedness of Local Agencies

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.

Revenue Bonds for County Improvements

26301 Subject to the provisions of this chapter, boards of supervisors in their respective counties shall have authority to undertake and to issue revenue bonds to finance the following public improvements:

a. The acquisition, construction, maintenance, operation, improvement and development of public beaches and such upland areas adjacent thereto as may, in the opinion of the board, be reasonably necessary to provide for the full, complete and convenient public utilization of such beaches.

b. The acquisition, construction, maintenance, operation, improvement and development of public small boat harbors and such facilities and improvements in connection therewith as in the opinion of the board may be reasonably necessary to provide for the full, complete and convenient public use of such small boat harbors.

c. The acquisition, construction, maintenance and operation of facilities for the public convenience in conjunction with any public beach or public small boat harbor.

d. The acquisition, construction, maintenance, operation, improvement and development of public golf courses and such facilities and improvements in connection therewith as in the opinion of the board may be reasonably necessary to provide for the full, complete and convenient public use of such golf courses. A county shall not condemn any existing privately owned and operated golf course the acquisition of which is to be financed under this chapter.

e. The acquisition, construction, maintenance, operation, improvement and development of skiing areas. The provisions of this section shall not be construed to authorize a board of supervisors to operate any restaurant, lodginghouse or hotel except during such periods as it is unable to lease such restaurant, lodginghouse or hotel to a private concessionaire. Public notice calling for bids by prospective lessees of such restaurant, lodginghouse or hotel shall be published once a week for four successive calendar weeks, in a newspaper of general circulation, and it shall be conclusively presumed that the board of supervisors is not unable to lease such restaurant, lodginghouse or hotel to a private concessionaire until one week following the last publication has elapsed without securing reasonable bids.

Revenue Bonds for County Improvement Obligation

26315 The board shall issue revenue bonds in the name of the county. These bonds shall constitute obligations of the project only, and neither the payment of the principal or interest of any such bond constitutes a debt, liability or obligation of the county or of the State of California. All bonds issued by the board shall contain a recital on their face that neither the payment of the principal or any part thereof nor any interest thereon constitutes a debt, liability or obligation of the county or of the State.

Revenue Bonds—County Incinerators

26401 Subject to the provisions of this chapter, boards of supervisors in their respective counties shall have authority to undertake and to issue revenue bonds to finance the acquisition, construction, maintenance and operation of public incinerators and such facilities in connection therewith as in the opinion of the board may be reasonably necessary to provide for the full, complete and convenient public utilization of such incinerators.

PUBLIC FINANCING STATUTES

Assessment Bonds—Improvement Act of 1911

S & Hwy 5000 This division may be cited as the Improvement Act of 1911.

5001. Unless the particular provision or the context otherwise requires, the definitions and general provisions contained in this part shall govern the construction of this division.

5002. This division provides an alternative system for doing the work authorized by this division and the provisions of this division shall not apply to or affect any other provisions of this code.

When any proceedings are commenced under this division, the provisions of this division and no other shall apply to such proceedings.

5003. This division shall be liberally construed in order to effectuate its purposes. No error, irregularity, informality, and no neglect or omission of any officer, in any procedure taken under this division, which does not directly affect the jurisdiction of the legislative body to order the work or improvement, shall avoid or invalidate such proceeding or any assessment for the cost of work done thereunder. The exclusive remedy of any person affected or aggrieved thereby shall be by appeal to the legislative body in accordance with the provisions of this division.

5004. Whenever in any proceedings under this division, a time and place for any hearing by the legislative body is fixed and, from any cause, the hearing is not then and there held or regularly adjourned to a time and place fixed, the power of the legislative body in the premises shall not thereby be divested or lost, but the legislative body may proceed anew to fix a time and place for the hearing, and cause notice thereof to be given by publication by at least one insertion in a daily, semiweekly or weekly newspaper, such publication to be at least five days before the date of the hearing, and thereupon the legislative body shall have power to act as in the first instance.

5005. "City" includes counties, cities, cities and counties and all corporations organized and existing for municipal purposes, together with resort districts organized and existing under the Resort Improvement District Law (Division 11 (commencing with Section 13000) of the Public Resources Code), and any special district organized for the purpose of aiding in the development or improvement of navigation or commerce to, or within, the district.

5006. "Legislative body" when used with reference to a county means the board of supervisors, and when used with reference to a city means the body which by law constitutes the legislative department of the government of the city.

5007. "Clerk" when used with reference to a county means the person or officer who is the clerk of the legislative body of the county, and when used with reference to a city means the person or officer who is or acts as clerk of the legislative body of the city.

5008. "Treasurer" when used with reference to a county means the county treasurer, and when used with reference to a city means the city treasurer. "Treasurer" also includes any

person or officer who has charge and makes payment of the funds of such county or city, respectively.

5009. "Mayor" when used with reference to a county means the chairman of the board of supervisors, and when used with reference to a city means the mayor, or if the city has no mayor, the chairman or the president of the legislative body, the city manager or such other person as may be the chief executive officer of the city.

5010. "Council chambers" refers to the place where the regular meetings of the legislative body of the county or city are held.

5011. "Street superintendent" or "superintendent of streets" when used with reference to a county means the county surveyor, and when used with reference to a city means the person or officer whose duty it is under the law to have the care or charge of the streets or the improvement thereof in such city.

5012. If there is no street superintendent or superintendent of streets in any city, the legislative body thereof may appoint a person to perform the duties imposed upon the street superintendent by this division, and all of the provisions of this division applicable to the street superintendent shall apply to the person so appointed.

5012.5. In a city in which there is a superintendent of streets or street superintendent, the legislative body of the city may nevertheless appoint another person to perform the duties imposed upon the street superintendent by this division and all of the provisions of this division applicable to the street superintendent shall apply to the person so appointed.

5013. "Engineer" when applied to a county means the county surveyor, and when applied to a city means the city engineer.

5014. "Street" includes avenues, highways, lanes, alleys, crossings, or intersections and courts which have been dedicated and accepted according to law or which have been in common and undisputed use by the public for a period of not less than five years next preceding, or which have been dedicated to a semipublic use by way of a dedication made for the exclusive use and benefit of all properties located within the boundaries of a community services district formed under the provisions of the Community Services District Law (commencing with Section 61000 of the Government Code), or which are privately owned, opened to public traffic, and located within the boundaries of an assessment district established to provide street lighting.

5018. "Place" includes any public park or pleasure ground and common which has been dedicated and accepted according to law.

5019. "Paved" or "repaved" includes pavement of stone, paving blocks or macadamizing, or of bituminous rock or asphalt, or of iron, wood or other material, whether patented or not, which is adopted by ordinance or resolution by the legislative body.

5020. "Contractor" means the person, firm, partnership, association, corporation, organization or business trust, and includes contracting owners or their agents, to whom a contract for the performance of any work authorized by this division is awarded.

5021. "Owner" means the person owning the fee, or the person in whose name the legal title to the property appears, by deed duly recorded in the county recorder's office of the county in which the property is situated, or the person in possession of the property or buildings under claim of, or exercising acts of ownership over the same for himself, or as the executor, administrator, guardian, or conservator of the owner. If the property is leased, the possession of the tenant or lessee holding and occupying such property shall be deemed to be the possession of the owner.

5022. "Lot," "land," "piece," or "parcel of land" whether used singly or in combination include property owned or controlled by any person as a railroad right of way or as a street or interurban railroad right of way.

5022.5. "Lot," "portion of lot," "land," "piece," or "parcel of land," whether used singly or in combination, may, in the discretion of the superintendent of streets, for purposes of spreading assessments and calculating benefits include any contiguous real property under the same ownership as it appears on the last equalized assessment roll used by the assessing entity in which the property is situated, whether consisting of unsubdivided land or land subdivided into blocks or lots and blocks or the superintendent of streets may if requested by such owner make separate assessments against portions of such lots or parcels of land.

5023. "Work" or "improvement" whether used singly or in combination mean and include any work which is authorized to be done or any improvement which is authorized to be made under this division, as well as the construction, reconstruction and repair of all or part of any such work or improvement.

5023.1. "Acquisition," or any of its variants, means one or more of the following:

(a) Any works, improvements, appliances, or facilities which are authorized to be made, constructed, or acquired under this division and which are in existence and installed in place on or before the date of adoption of the resolution of intention for the acquisition thereof; any use or capacity rights in any of the above; and any works, improvements, appliances, or facilities acquired or installed pursuant to Sections 10109 to 10111, inclusive.

(b) Electric current, gas, or other illuminating agent for power or lighting service.

(c) Any real property, rights-of-way, easements, or interests in real property, acquired or to be acquired by gift, purchase, or eminent domain, necessary or convenient in connection with the construction or operation of any work or improvement authorized to be acquired or to be made or constructed under this division, except any real property, rights-of-way, easements, or interests in real property shown on any final map filed with or submitted to the legislative body for acceptance and approval under the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the Government Code) and offered for dedication to public use by the map or by any separate offer of dedication previously or subsequently made.

(d) The payment in full of all amounts necessary to eliminate any special assessment liens previously imposed upon any assessment parcel included in the new

assessment district. The cost of the payment shall be included in the new assessment on the parcel. This subdivision is applicable only in cases where the acquisition is incidental to other acquisitions or improvements.

5024. "Incidental expense" includes all of the following:

(a) Compensation for work done by the engineer, and attorney's fees or services in proceedings pursuant to this division. Notwithstanding the foregoing, if a court of competent jurisdiction renders a final judgment that invalidates in whole or part the formation of the assessment district or the levy of assessments, any attorney's fees and engineering charges incurred by the city in defending that litigation are not incidental expenses and shall not be charged against the assessment district in any manner except as to those claims upon which the city prevails and as allowed by a court of competent jurisdiction.

(b) The cost of printing and advertising provided for in this division, including the treasurer's estimated cost of printing, servicing, and collecting any bonds to be issued to represent or be secured by unpaid assessments.

(c) The compensation of the person appointed by the superintendent of streets to take charge of, and superintend any of, the work.

(d) The expenses of making the assessment, of the collection of assessments by the superintendent of streets when directed by ordinance to receive payments pursuant to Section 5396, and of preparing and typing the resolutions, notices, and other papers and proceedings for any work authorized by this division.

(e) The expenses of making any analyses and tests to determine that the work, and any materials or appliances incorporated therein, comply with the specifications.

(f) All costs and expenses incurred in carrying out the investigations and making the reports required by the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

(g) The cost of title searching, description writing, right-of-way agent salaries, appraisal fees, partial reconveyance fees, surveys, and sketches incident to securing rights-of-way for any work authorized by this division.

(h) Any other expenses incidental to the construction, completion, and inspection of the work in the manner provided for in this division.

(i) The cost of relocating or altering any public utility facilities as required by the improvement in those cases where that cost is the legal obligation of the city.

(j) The cost of planning and designing public facilities to be financed pursuant to this division, including the cost of environmental evaluations of those facilities.

(k) The cost of filing and recording documents when the cost is the legal obligation of the city.

(l) The cost of any acquisition, as defined in Section 5023.1, and expenses incidental in connection with the acquisition.

(m) If the construction of sewers or appurtenances incident thereto has been ordered, sewer service, connection, and capacity charges established by the city as a condition to the providing of sewer service for the benefit of properties within the assessment district and required for the completion and utilization of the improvement constructed.

(n) If the construction of water improvements or appurtenances incident thereto has been ordered, water service, connection, and capacity charges established by the city as a condition to the providing of water service for the benefit of properties within the assessment district and required for the completion and utilization of the improvement constructed.

(o) All costs not identified in subdivisions (a) to (n), inclusive, related to the issuance of bonds, including, but not limited to, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit and other credit enhancement costs, and initial fees for the registration of bonds.

All demands for incidental expenses shall be presented to the street superintendent, by an itemized bill, duly verified by the demandant.

5025. In all resolutions, notices, orders and determinations, subsequent to the resolution of intention it shall not be necessary to describe the work, and any description of the work in any of the same, subsequent to the resolution of intention and the notice of improvement, shall be sufficient, if it refers to the resolution of intention for a description of the work or improvement.

5026. The legislative body of a county, city or city and county, may by resolution adopt a name for any street, boulevard, park or place which is to be improved under this division, for which a name has not been provided under the provisions of Sections 970.5 and 971, or otherwise, and may by resolution change the name of any street, boulevard, park or place heretofore established; provided further, that a copy of the resolution or order providing for the new name or change of name made by any city shall be promptly forwarded by the city clerk to the clerk of the board of supervisors and county surveyor of the county in which the municipality is situated.

Assessment Bonds—Improvement Bond Act of 1915

S & Hwy 8500 This division may be cited as the Improvement Bond Act of 1915.

8501. Unless the particular provision or the context otherwise requires, the definitions and general provisions contained in this part shall govern the construction of this division.

8502. This division provides an alternative system for the issuance of bonds to represent and be secured by the assessments made to pay the costs and expenses of the work or improvements referred to in this division and the provisions of this division shall not apply to or affect any other provisions of this code.

When any proceedings for the issuance of bonds are commenced under this division, the provisions of this division and no other shall apply to such proceedings.

8502.5. "Assessed" and "assessment" mean assessments made pursuant to subdivisions (d) and (e) of Section 10204, or other law pursuant to which the assessment was levied, as corrected and modified by the legislative body. "Assessed" and "assessment" do not include assessments to pay administrative costs made pursuant to subdivision (f) of Section 10204.

8503. "City" includes counties, cities and counties and public corporations, districts and agencies.

8504. "Legislative body" means:

(a) When used with reference to a county, the board of supervisors.

(b) When used with reference to a city, the body which by law constitutes the legislative department of the government of the city.

8505. "Clerk" means:

(a) When used with reference to a county, the person or officer who is or acts as the clerk of the legislative body of the county.

(b) When used with reference to a city, the person who is or acts as clerk of the legislative body of the city.

8506. "Treasurer" means:

(a) When used with reference to a county, the county treasurer.

(b) When used with reference to a city, the city treasurer.

8507. As used with reference to a county, "street superintendent" or "superintendent of streets" means the county surveyor, or such other competent county officer as may be appointed by the legislative body of the county to perform the duties imposed on the street superintendent.

8508. As used with reference to a county, "engineer" means the county surveyor, or such other competent county officer as may be appointed by the legislative body of the county to perform the duties imposed on the engineer.

8509. "Auditor" means:

(a) When used with reference to a county, the county auditor.

(b) When used with reference to a city, any person who is charged with the duty of extending taxes upon the assessment rolls and lists.

8510. "Tax collector" means:

(a) When used with reference to a county, the county tax collector.

(b) When used with reference to a city, the person who is charged with the duty of collecting taxes, advertising delinquent lists of unpaid taxes, selling lands thereunder and executing certificates of sale and deeds thereon.

8511. The provisions of this division relative to the time or place of performance of official duty or relative to the form of any resolution, notice, order, list, certificate of sale, deed or other instrument, are directory only.

8514. Notwithstanding any other provision of this division, income realized from the investment of money on deposit in a fund or account established pursuant to this division may be used, at the option of the legislative body, to pay all or any portion of any amount required to be rebated to the United States in order that interest on obligations issued pursuant to this division be excluded from gross income for purposes of federal income taxation.

Assessment Bonds—Municipal Improvement Act of 1913

S & Hwy 10000. This division may be cited as the Municipal Improvement Act of 1913.

10001. Unless the context otherwise requires, the definitions contained in this part shall govern the construction of this division.

10002. "Improvement" includes all work and improvements authorized to be done under this division which are for a public purpose or which are necessary or incidental to a public purpose.

10003. "Municipality" and "city" include every city, city and county, or county, or other entity, public corporation, or agency authorized to operate under this division, including any joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code and any special district organized for the purpose of aiding in the development or improvement of navigation or commerce to, or within, the district.

10004. "Legislative body" includes any body which by law is the legislative department of government of the city, or municipality.

10005. "City treasurer" includes any person or officer who has charge and makes payments of the city or municipal funds.

10006. "Install" includes construct, reconstruct, extend, repair, and maintain.

10006.5. Subject to the limitation of Section 10204.1, "incidental expense" has the same meaning as specified in Section 5024.

10007. "Street" includes the whole or any part of one or more public streets, alleys, or other places in any municipality, and rights of way owned or held by any municipality for the purposes of this division.

10008. "Assessment district" means the district of land to be benefited by the improvement and to be specially assessed to pay the costs and expenses of the improvement and the damages caused by the improvement.

10009. The provisions of this division apply to all counties and districts, or other public corporations insofar as such corporations have the power applicable to them to make any of the improvements authorized under this division. The officers of such counties, districts, or other public corporations who have similar powers and duties as the municipal officers

referred to in this division have the powers and duties given by this division to such municipal officials. Where no similar officer exists, the legislative body of the county, district, or public corporation shall by resolution appoint a person or designate an officer to perform the duties under this division.

10010. "Acquisition", or any of its variants, means and includes one or more of the following:

(a) Any works, improvements, appliances, or facilities authorized to be made, constructed, or acquired under this division and which are in existence and installed in place on or before the date of adoption of the resolution of intention for the acquisition thereof; any use or capacity rights in any of the foregoing; and any works, improvements, appliances, or facilities acquired or installed pursuant to Sections 10109 to 10111, inclusive. Any work, improvement, appliance, or facility which was not in existence and installed in place on or before that date may be acquired if it was constructed as if it had been constructed under the direction and supervision or under the authority of the municipality.

(b) Electric current, gas, or other illuminating agent for power or lighting service.

(c) Any real property, rights-of-way, easements, or interests in real property, acquired or to be acquired by gift, purchase, or eminent domain, and which are necessary or convenient in connection with the construction or operation of any work or improvement authorized to be acquired or to be made or constructed under this division, except real property, rights-of-way, easements, or interests in real property shown upon a final map filed with or submitted to the legislative body for acceptance and approval pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the Government Code) and offered for dedication to public use by that map or by any separate offer of dedication.

(d) The payment in full of all amounts necessary to eliminate any fixed special assessment liens previously imposed upon any assessment parcel included in the new assessment district. The amount of the payment shall be included in the new assessment on the parcel. This subdivision is applicable only where the acquisition is incidental to other acquisitions or improvements.

10011. "Owner" means the person owning the fee, or the person in whose name the legal title to the property appears, by deed duly recorded in the county recorder's office of the county in which the property is situated, or the person in possession of the property or buildings under claim of, or exercising acts of ownership over the same for himself, or as the executor, administrator, guardian, or conservator of the owner. If the property is leased, the possession of the tenant or lessee holding and occupying such property shall be deemed to be the possession of the owner.

10012. This division shall be liberally construed in order to effectuate its purposes. No error, irregularity, informality, and no neglect or omission of any officer, in any procedure taken under this division, which does not directly affect the jurisdiction of the legislative body to order the work or improvement, shall avoid or invalidate such proceeding or any assessment

for the cost of work done thereunder. The exclusive remedy of any person affected or aggrieved thereby shall be by appeal to the legislative body in accordance with the provisions of this division.

10013. Whenever any notice, resolution, order, or other matter is required to be published or posted, and the duty of posting or publishing, or procuring the same, is not specifically enjoined upon any officer or person, the clerk shall post or procure the publication or posting thereof, as the case may be.

No step in any proceeding shall be invalidated or affected by any error or mistake or departure from the provisions of this section as to the officer or person posting or publishing, or procuring the publication or posting, of any notice, resolution, order, or other matter when the same is actually published or posted for the time required.

10014. The failure of the clerk to mail any notice or the failure of any person to receive the same shall not affect in any way whatsoever the validity of any proceedings taken under this division, nor prevent the legislative body from proceeding with any hearing so noticed.

10015. No notice, nor any publication of any notice, order, resolution, or other matter, other than that expressly provided in this part or elsewhere in this division, shall be necessary to give validity to any of the proceedings provided in this division.

10016. Any resolution, notice, report, diagram, or assessment which is required to contain a description of the improvements, the boundaries of the assessment district or any zones therein, or the lines and dimensions of any parcel of land, may, for a full and detailed description thereof, refer to any plan or map which is on file with the clerk, the county auditor, or the county assessor and which is open to public inspection. The plan or map so referred to shall govern for all details of the description.

The Benefit Assessment Act of 1982

54703 This chapter shall be known and may be cited as the Benefit Assessment Act of 1982.

54703.1. The Legislature finds and declares that it is in the public interest to allow local agencies to finance property related services through the imposition of an assessment upon the property which benefits from those services.

The Legislature also finds and declares that assessments imposed for the purpose of providing services which benefit individual properties are not taxes for the general benefit of the governmental entity, but are assessments for services which confer special benefits upon the properties to which the services are provided.

54703.3. The purpose of this chapter is to recodify and supplant previously enacted provisions of law which authorize the imposition of benefit assessments and to provide a uniform procedure for the enactment of benefit assessments for services by local jurisdictions.

54703.5. An assessment levied pursuant to this chapter is not subject to the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800) of the Streets and Highways Code).

The Landscape and Lighting Act of 1972

S & Hwy 22500 This part shall be known and may be cited as the "Landscaping and Lighting Act of 1972."

22501. This part shall apply to local agencies whose annual taxes are carried on the county assessment roll and are collected by the county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code and made up solely of local agencies whose annual taxes are carried on the county assessment roll and are collected by the county.

22502. This part provides an alternative procedure for making the improvements herein authorized and shall not apply to or affect any other provisions of this code.

22503. An assessment district shall consist of all territory which, as determined by the legislative body, will be benefited by the improvements and is to be assessed to pay the costs thereof.

22504. An assessment district may consist of all or any part of the territory within the local agency and, in the case of a county, may consist of all or any part of the unincorporated territory of the county.

22505. An assessment district may consist of contiguous or noncontinguous areas. The improvements in one area need not be of benefit to other areas.

22506. The provisions of Chapter 2 (commencing with Section 5115) of Part 3 of Division 7, pertaining to the extension of the work or the assessment district beyond the boundaries of a local agency, are by this reference incorporated in this part.

22507. Division 4 (commencing with Section 2800) and Division 4.5 (commencing with Section 3100) do not apply to this part or proceedings taken pursuant to this part, except that Division 4.5 (commencing with Section 3100) does apply to proceedings in which the legislative body determines to issue bonds or notes pursuant to Section 22662.5, and may be applied to any other proceedings pursuant to this part at the discretion of the legislative body.

22508. Any resolution, notice, report, diagram or assessment which is required to contain a description of the improvements, the boundaries of the assessment district or any zones therein, or the lines and dimensions of any lot or parcel of land may, for a full and detailed description thereof, refer to any plan or map which is on file with the clerk, the county auditor, or the county assessor and which is open to public inspection. The plan or map so referred to shall govern for all details of the description.

22509. This part shall be liberally construed to effectuate its purpose. Any proceedings taken under this part and any assessment levied pursuant thereto shall not be invalidated for failure to comply with the provisions of this part if such failure does not substantially and adversely affect the rights of any person. All determinations made by the legislative body pursuant to this part shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion.

The Integrated Financing District Act

53175 This chapter shall be known and may be cited as the Integrated Financing District Act.

53175.5. This chapter provides an alternative method of financing public facilities. This chapter does not limit the application of any other laws that provide for financing governmental facilities. A local agency may use the provisions of this chapter instead of, or in conjunction with, any other method of financing part or all of the cost of providing capital facilities. The provisions of this chapter governing the establishment and operation of an integrated financing district shall, to the extent of any conflict, prevail over any other provision of law.

53176. This chapter shall be liberally construed in order to effectuate its purposes. No inadvertent error, irregularity, informality, or the inadvertent neglect or omission of any officer, in any procedure taken under this chapter, other than fraud, shall void or invalidate that proceeding, any levy imposed to finance the cost of a public facility, or any reimbursement agreement.

53176.5. The inadvertent failure of any person to receive a notice, resolution, order, or other matter shall not affect in any way whatsoever the validity of any proceedings taken under this chapter, or prevent the legislative body from proceeding with any hearing so noticed.

53177. This chapter applies to all local agencies insofar as those entities have the authority to use any of the financing acts specified in subdivision (b) of Section 53179. The officers of local agencies who have similar powers and duties as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties required to be performed by this chapter.

53177.5. This chapter does not apply to the construction of any interchange which serves to connect two interstate freeways.

53178. Division 4 (commencing with Section 2800) of the Streets and Highways Code does not apply to proceedings taken under or in conjunction with this chapter.

53178.5. Division 4.5 (commencing with Section 3100) of the Streets and Highways Code applies with respect to any contingent assessment levied pursuant to this chapter. This chapter is a "principal act" as that term is defined in Section 3100 of the Streets and Highways Code. Contingent assessments levied pursuant to this chapter are "assessments" within the meaning of Section 3100 of the Streets and Highways Code. All notices required by Division 4.5 (commencing with Section 3100) of the Streets and Highways Code shall be modified to clearly state the contingency conditions which apply to contingent assessments.

53179. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "District" means the area of land included within an integrated financing district established pursuant to this chapter.

(b) "Financing act" means the Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), the Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code), the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code), the Landscaping and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code), the Vehicle Parking District Law of 1943 (Part 1 (commencing with Section 31500) of Division 18 of the Streets and Highways Code), the Parking District Law of 1951 (Part 4 (commencing with Section 35100) of Division 18 of the Streets and Highways Code), the Park and Playground Act of 1909 (Chapter 7 (commencing with Section 38000) of Part 2 of Division 3 of Title 4 of this code), the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of this title), the Benefit Assessment Act of 1982 (Chapter 6.4 (commencing with Section 54703) of Part 1 of Division 2 of this title), and the so-called facilities benefit assessment levied by the charter city of San Diego or any substantially similar assessment levied for the same purpose by any other charter city pursuant to any ordinance or charter provision.

(c) "Fund" means the District Reimbursement Fund created pursuant to Section 53197.

(d) "Landowner" or "owner of land" has the same meaning as in the financing act employed in conjunction with this chapter.

(e) "Legislative body" means the legislative body, governing board, or board of directors of any local agency.

(f) "Local agency" means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, or any other municipal corporation or district.

53179.5. (a) The legislative bodies of two or more local agencies may enter into a joint public facilities financing agreement pursuant to this section or into a joint exercise of powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 to exercise any power authorized by this chapter if the legislative body of each entity adopts a resolution declaring that a joint agreement would be beneficial to the residents of that entity.

(b) Notwithstanding Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, a contracting party may use the proceeds of any levy made pursuant to this chapter, or of any indebtedness or warrants issued pursuant to this chapter, to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(c) The agreement entered into pursuant to subdivision (a) shall contain a description of the facilities and services to be provided or acquired under the agreement. The agreement shall also provide for the division of responsibility to provide any of the facilities or services among the entities entering into the agreement. The agreement shall provide for the allocation and distribution of the proceeds of any special tax levy among the parties to the agreement.

The Mello-Roos Community Facilities Act of 1982

53311 This chapter shall be known and may be cited as the "Mello-Roos Community Facilities Act of 1982".

53311.5. This chapter provides an alternative method of financing certain public capital facilities and services, especially in developing areas and areas undergoing rehabilitation. The provisions of this chapter shall not affect or limit any other provisions of law authorizing or providing for the furnishing of governmental facilities or services or the raising of revenue for these purposes. A local government may use the provisions of this chapter instead of any other method of financing part or all of the cost of providing the authorized kinds of capital facilities and services.

53312. Any provision in this chapter which conflicts with any other provision of law shall prevail over the other provision of law.

53312.5. The local agency may take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of this chapter and which are not otherwise prohibited by law.

53312.7. (a) On and after January 1, 1994, a local agency may initiate proceedings to establish a district pursuant to this chapter only if it has first considered and adopted local goals and policies concerning the use of this chapter. The policies shall include at least the following:

(1) A statement of the priority that various kinds of public facilities and services shall have for financing through the use of this chapter, including public facilities to be owned and operated by other public agencies, including school districts, and services to be provided by other public agencies.

(2) A statement concerning the credit quality to be required of bond issues, including criteria to be used in evaluating the credit quality.

(3) A statement concerning steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under this chapter.

(4) A statement concerning criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel pursuant to this chapter.

(5) A statement of definitions, standards, and assumptions to be used in appraisals required by Section 53345.8.

(b) The goals and policies adopted by any school district pursuant to subdivision (a) shall include, but not be limited to, a priority access policy that gives priority attendance access to students residing in a community facilities district whose residents have paid special taxes that have, in whole or in part, financed the construction of school district facilities. The degree of priority shall reflect the proportion of each school's financing provided through the community facilities district. In developing a priority access policy for residents of a community facilities district, a school district may incorporate a school district attendance policy including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity; federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels for which facilities were designed; and ensuring students continuity of schooling within any single school year.

53312.8. (a) Territory that is dedicated or restricted to agricultural, open-space, or conservation uses may not be included within or annexed to a community facilities district that provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads, unless the landowner consents to the inclusion or annexation of that territory to the community facilities district.

(b) Notwithstanding any other provision of law, and except as provided in subdivision (c), if a landowner consents to the inclusion or annexation of territory in a community facilities district pursuant to subdivision (a), the landowner and any local agency may not terminate any easement or effect a final cancellation of any contract with respect to any portion of the land included within or annexed to the community facilities district prior to the release of land that is the subject of the proposed termination or cancellation from all liens that arise under the community facilities district for any sewers, nonagricultural water, or streets and roads that did not benefit land uses allowed under the contract or easement.

(c) Subdivision (b) shall not apply to any of the following:

(1) Land under a contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1) included in a community facilities district for which a tentative map may be filed pursuant to paragraph (3) of subdivision (d) of Section 66474.4 or for which a tentative cancellation has been approved.

(2) Land subject to a conservation easement entered into prior to January 1, 2003.

(3) Land included in a community facilities district prior to the imposition of an enforceable restriction listed in subdivision (d) or prior to January 1, 2003.

(4) Land subject to an enforceable restriction listed in subdivision (d) that expressly waives the requirement of subdivision (b).

(d) As used in this section, "territory that is dedicated or restricted to agricultural, open-space, or conservation uses" means territory that is subject to any of the following:

(1) An open-space easement entered into pursuant to Chapter 6.5 (commencing with Section 51050) of Part 1 of Division 1.

(2) An open-space easement entered into pursuant to the Open-Space Easement Act of 1974 (Chapter 6.6 (commencing with Section 51070) of Part 1 of Division 1).

(3) A contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1).

(4) A farmland security zone contract created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Part 1 of Division 1), except as otherwise provided in Section 51296.4.

(5) A conservation easement entered into pursuant to Chapter 4 (commencing with Section 815) of Title 2 of Part 2 of Division 2 of the Civil Code.

(6) An agricultural conservation easement entered into pursuant to Chapter 4 (commencing with Section 10260) of Division 10.2 of the Public Resources Code.

(7) An agricultural conservation easement entered into pursuant to Section 51256.

53313. A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities. A special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) Maintenance and lighting of parks, parkways, streets, roads, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with

notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

(g) Maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the local agency or by another local agency pursuant to an agreement entered into under Section 53316.2.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services shall not supplant services already available within that territory when the district was created.

Bonds shall not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services.

53313.1. To the extent that any capital facility is provided under this chapter, a duplicate levy, impact fee, or other exaction may not be required for the same purpose under Section 66477.

53313.4. Any territory within a community facilities district established for the acquisition or improvement of school facilities for a school district shall be exempt from any fee, increase in any fee other than a cost-of-living increase as authorized by law, or other requirement first levied, increased, or imposed pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code or under Chapter 4.7 (commencing with Section 65970) of Division 1 of Title 7, by or to benefit any other school district, except as otherwise negotiated between the school districts. That exemption shall apply until a date 10 years following the most recent issuance of bonds by the community facilities district or, if no bonds have ever been issued by the community facilities district, a date 10 years following the formation of the community facilities district.

53313.5. A community facilities district may also finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer or may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real or tangible property. The facilities need not be physically located within the district. A district may not lease out facilities that it has financed except pursuant to a lease agreement or annexation agreement entered into prior to January 1, 1988. A district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the district is adopted pursuant to Section 53325.1, except that a district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate the facility. For example, a community facilities district may finance facilities, including, but not limited to, the following:

(a) Local park, recreation, parkway, and open-space facilities.

(b Elementary and secondary school sites and structures provided that the facilities meet the building area and cost standards established by the State Allocation Board.

(c) Libraries.

(d Child care facilities, including costs of insuring the facilities against loss, liability insurance in connection with the operation of the facility, and other insurance costs relating to the operation of the facilities, but excluding all other operational costs. However, the proceeds of bonds issued pursuant to this chapter shall not be used to pay these insurance costs.

(e) The district may also finance the construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight. The district may enter into an agreement with a public utility to utilize those facilities to provide a particular service and for the conveyance of those facilities to the public utility. "Public utility" shall include all utilities, whether public and regulated by the Public Utilities Commission, or municipal. If the facilities are conveyed to the public utility, the agreement shall provide that the cost or a portion of the cost of the facilities that are the responsibility of the utility shall be refunded by the public utility to the district or improvement area thereof, to the extent that refunds are applicable pursuant to (1) the Public Utilities Code or rules of the Public Utilities Commission, as to utilities regulated by the commission, or (2) other laws regulating public utilities. Any reimbursement made to the district shall be utilized to reduce or minimize the special tax levied within the district or improvement area, or to construct or acquire additional facilities within the district or improvement area, as specified in the resolution of formation.

(f) The district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for flood and storm protection services, including, but not limited to, storm drainage and treatment systems and sandstorm protection systems.

(g) The district may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district or may pay debt service on that indebtedness. When the amount financed by the district is to pay a tax, fee, charge, or assessment imposed by a public agency other than the one conducting the proceedings, and if the amount provided to the other public agency will not be entirely used to pay off or prepay an assessment lien or special tax obligation pursuant to the property owner's legal right to do so, the written consent of the other public agency is required. In addition, tax revenues of a district may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance facilities authorized to be financed by the district.

(h) Any other governmental facilities that the legislative body creating the community facilities district is authorized by law to contribute revenue to, or construct, own, or operate. However, the district shall not operate or maintain or, except as otherwise provided in subdivisions (e) and (k), have any ownership interest in any facilities for the transmission or distribution of natural gas, telephone service, or electrical energy.

(i) (1) A district may also pay for the following:

(A) Work deemed necessary to bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations. Only work certified as necessary to comply with seismic safety standards or regulations by local building officials may be financed. No project involving the dismantling of an existing building and its replacement by a new building, nor the construction of a new or substantially new building may be financed pursuant to this subparagraph. Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(B) In addition, within any county or area designated by the President of the United States or by the Governor as a disaster area or for which the Governor has proclaimed the existence of a state of emergency because of earthquake damage, a district may also pay for any work deemed necessary to repair any damage to real property directly or indirectly caused by the occurrence of an earthquake cited in the President's or the Governor's designation or proclamation, or by aftershocks associated with that earthquake, including work to reconstruct, repair, shore up, or replace any building damaged or destroyed by the earthquake, and specifically including, but not limited to, work on any building damaged or destroyed in the Loma Prieta earthquake that occurred on October 17, 1989, or by its aftershocks. Work may be financed pursuant to this subparagraph only on property or buildings identified in a resolution of intention to establish a community facilities district adopted within seven years of the date on which the county or area is designated as a disaster area by the President or by the Governor or on which the Governor proclaims for the area the existence of a state of emergency.

(2) Work on privately owned property, including reconstruction or replacement of privately owned buildings pursuant to subparagraph (B) of paragraph (1), may only be financed by a tax levy if all of the votes cast on the question of levying the tax, vote in favor of levying the tax, or with the prior written consent to the tax of the owners of all property that may be subject to the tax, in that case the prior written consent shall be deemed to constitute a vote in favor of the tax and any associated bond issue. Any district created to finance seismic safety work on privately owned buildings, including repair, reconstruction, or replacement of privately owned buildings pursuant to this subdivision, shall consist only of lots or parcels that the legislative body finds have buildings that were damaged or

destroyed by the earthquake cited pursuant to subparagraph (B) of paragraph (1) or by the aftershocks of that earthquake.

(j) A district may also pay for the following:

(1) Work deemed necessary to repair and abate damage caused to privately owned buildings and structures by soil deterioration. "Soil deterioration" means a chemical reaction by soils that causes structural damage or defects in construction materials including concrete, steel, and ductile or cast iron. Only work certified as necessary by local building officials may be financed. No project involving the dismantling of an existing building or structure and its replacement by a new building or structure, nor the construction of a new or substantially new building or structure may be financed pursuant to this paragraph.

(2) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

(k) A district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes of removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, "remedial action" and "removal" shall have the meaning set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code.

(l) A district may also finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements that are affixed, as specified in Section 660 of the Civil Code, to or on real property and in buildings, whether the real property or buildings are privately or publicly owned. Energy efficiency, water conservation, and renewable energy improvements financed by a district may only be installed on a privately owned building and on privately owned real property with the prior written consent of the owner or owners of the building or real property. This chapter shall not be used to finance installation of energy efficiency, water conservation, and renewable energy improvements on a privately owned building or on privately owned real property in connection with the initial construction of a residential building unless the initial construction is undertaken by the intended owner or occupant.

(m) Any improvement on private property authorized to be financed by this section shall constitute a "public facility" for purposes of this chapter and a "public improvement"

for purposes of Part 1 (commencing with Section 3100) and Part 2 (commencing with Section 3110) of Division 4.5 of the Streets and Highways Code, whether the improvement is owned by a private entity, if the legislative body has determined that the improvement provides a public benefit, or the improvement is owned by a public agency.

53313.51. The legislative body may enter into an agreement for the construction of discrete portions or phases of facilities to be constructed and purchased consistent with Section 53313.5. The agreement may include any provisions that the legislative body determines are necessary or convenient, but shall do all of the following:

(a) Identify the specific facilities or discrete portions or phases of facilities to be constructed and purchased. The legislative body may agree to purchase discrete portions or phases of facilities if the portions or phases are capable of serviceable use as determined by the legislative body.

(b) Notwithstanding subdivision (a), when the purchase value of a facility exceeds one million dollars ($1,000,000), the legislative body may agree to purchase discrete portions or phases of the partially completed project.

(c) Identify procedures to ensure that the facilities are constructed pursuant to plans, standards, specifications, and other requirements as determined by the legislative body.

(d) Specify a price or a method to determine a price for each facility or discrete portion or phase of a facility. The price may include an amount reflecting the interim cost of financing cash payments that must be made during construction of the project, at the discretion of the legislative body.

(e) Specify procedures for final inspection and approval of facilities or discrete portions of facilities, for approval of payment, and for acceptance and conveyance or dedication of the facilities to the local agency.

53313.6. The legislative body may provide for adjustments in ad valorem property taxes pursuant to Section 53313.7 within a community facilities district only after making both of the following findings at the conclusion of the public hearing held pursuant to Article 2 (commencing with Section 53318):

(a) That an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose of making lease payments on an existing lease or paying principal or interest on outstanding bonds or other existing indebtedness, including state school building loans, incurred to finance construction of capital facilities.

(b) That capital facilities to be financed by the community facilities district will provide the same services to the territory of the community facilities district as were provided by the capital facilities mentioned in subdivision (a).

53313.7. (a) Upon making the findings pursuant to Section 53313.6, the legislative body may, with the concurrence of the legislative body which levied the property tax

described in subdivision (a) of Section 53313.6, by ordinance, determine that the total annual amount of ad valorem property tax revenue due from parcels within the proposed community facilities district, for purposes of paying principal and interest on the debt identified in Section 53313.6, shall not be increased after the date on which the resolution of formation for the community facilities district is adopted, or after a later date determined by the legislative body creating the community facilities district with the concurrence of the legislative body which levied the property tax in question.

(b) The legislative body may, by ordinance, with the concurrence of the legislative body that levied the property tax described in subdivision (a) of Section 53313.6, determine to cease and eliminate the freeze on property tax revenue established pursuant to subdivision (a), upon determining that the community facilities district's special tax or portion thereof levied on the parcels in question to pay for the capital facilities specified in subdivision (b) of Section 53313.6 shall cease to be levied and collected.

53313.9. (a) All or any part of the cost of any school facilities financed by a community facilities district may be shared by the State Allocation Board pursuant to Section 17718.5 of the Education Code.

(b) If the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property upon which the facilities are located shall be held as provided in the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of the Education Code).

(c) The resolutions of intention, formation, consideration, and to incur bonded indebtedness, adopted pursuant to subdivision (b) of Section 53338 or Sections 53321, 53325.1, 53334, 53339.2, 53345, and 53351 may provide for cost sharing by the State Allocation Board and for appropriate adjustment of the principal amount of any bond issue or issues and of the rate and method of apportionment of any special tax.

53314. The legislative body may from time to time transfer moneys to a community facilities district or to an improvement area within a community facilities district, for the benefit of the district or improvement area, from any funds available to the legislative body. Any moneys so transferred may be used for the payment of any currently payable expenses incurred by reason of the construction or acquisition of any facilities or provision of any authorized services within the district or improvement area prior to December 1 of the first fiscal year in which a special tax may be levied for the facilities or services within the district or improvement area. The rate of interest earned by the investment of those moneys shall be determined by the legislative body.

53314.3. In the first fiscal year in which a special tax or charge is levied for any facility or for any services in a community facilities district or a zone within a community facilities district, the legislative body shall include in the levy a sum sufficient to repay to the legislative body the amounts transferred to that district or zone pursuant to Section 53314. The amounts

borrowed, with interest, shall be retransferred to the proper fund or funds from the first available receipts from the special levy in that district or zone.

Notwithstanding the above provisions, the legislative body may, by a resolution adopted no later than the time of the first levy, extend the repayment of the transferred funds over a period of time not to exceed three consecutive years, in which event the levy and each subsequent levy shall include a sum sufficient to repay the amount specified by the legislative body for the year of the levy.

53314.5. Pursuant to a resolution adopted by the legislative body, the legislative body may appropriate any of its available moneys to a revolving fund to be used for the acquisition of real or personal property, engineering services, or the construction of structures or improvements needed in whole or in part to provide one or more of the facilities of a community facilities district. The revolving fund shall be reimbursed from tax revenues or other moneys available from the facilities district, and no sums shall be disbursed from the fund until the legislative body has, by resolution, established the method by, and term not exceeding five years within, which the community facilities district is to reimburse the fund. The district shall reimburse the fund for any amount disbursed to the area within five years after such disbursement, together with interest at the current rate per annum received on similar types of investments by the legislative body as determined by the local agency's treasurer.

53314.6. (a) In connection with the financing of services and facilities pursuant to subdivision (f) of Section 53313 and subdivision (k) of Section 53313.5, the legislative body may establish a revolving fund to be kept in the treasury of the district. Except as provided in subdivision (b), moneys in the revolving fund shall be expended solely for the payment of costs with respect to those services and facilities. The revolving fund may be funded from time to time with moneys derived from any of the following:

(1) Proceeds of the sale of bonds issued pursuant to Article 5 (commencing with Section 53345), notwithstanding any limitation contained in Section 53345.3.

(2) Any taxes or charges authorized under this chapter.

(3) Any other lawful source.

(b) Subject to the provisions of any resolution, trust agreement or indenture providing for the issuance of district bonds for the purposes set forth in subdivision (k) of Section 53313.5, the legislative body may withdraw money from the revolving fund whenever and to the extent that it finds that the amount of money therein exceeds the amount necessary to accomplish the purposes for which the revolving fund was established. Any moneys withdrawn from the revolving fund shall be used to redeem bonds of the district issued for the purposes set forth in subdivision (k) of Section 53313.5 or shall be paid to taxpayers in the district in amounts that the legislative body determines.

53314.7. (a) Any responsible party as defined by subdivision (a) of Section 25323.5 of the Health and Safety Code shall be liable to the district for the costs incurred in the removal or remedial action for the cleanup of any hazardous substance released or

threatened to be released into the environment. The amount of the costs shall include interest on the costs accrued from the date of expenditure. The interest shall be calculated based on the average annual rate of return on the district's investment of surplus funds for the fiscal year in which the district incurred the costs. Recovery of costs by a community facilities district under this section shall be commenced before or immediately upon completion of the removal or remedial action, and payments received hereunder by the district shall be deposited in the revolving fund in accordance with Section 53314.6.

(b) To expedite cleanup, this section is intended to provide local jurisdictions an alternative method of financing the cost of removal or remedial action for the cleanup of any hazardous substance through the issuance of voter-approved limited obligation bonds. The provisions of this section shall not affect or limit the provisions of any other law establishing the liability of any person for, or otherwise regulating, the generation, transportation, storage, treatment, or disposal of hazardous substances. The scope and standard of liability for any costs recoverable pursuant to Section 53314.7 shall be the scope and standard of liability set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sec. 6901 et seq.), or any other provision of state or federal law establishing responsibility for cleanup of hazardous waste sites.

53314.8. At any time either before or after the formation of the district, the legislative body may provide, by ordinance, that for a period specified in the ordinance, the local agency may contribute, from any source of revenue not otherwise prohibited by law, any specified amount, portion, or percentage of the revenues for the purposes set forth in the ordinance, limited to the following: the acquisition or construction of a facility, the acquisition of interest in real property, or the payment of debt service with respect to the financing of either, the provision of authorized services, and the payment of expenses incidental thereto. The contribution shall not constitute an indebtedness or liability of the local agency.

53314.9. (a) Notwithstanding Section 53313.5, at any time either before or after the formation of the district, the legislative body may accept advances of funds or work in-kind from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds or that work in-kind for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a district. The legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds or work in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as determined by the legislative body, with or without interest, under all of the following conditions:

(1) The proposal to repay the funds or the value or cost of the work in-kind, whichever is less, is included both in the resolution of intention to establish a district adopted pursuant to Section 53321 and in the resolution of formation to establish the district adopted pursuant to Section 53325.1, or in the resolution of consideration to alter the types of public facilities and services provided within an established district adopted pursuant to Section 53334.

(2) Any proposed special tax or change in a special tax is approved by the qualified electors of the district pursuant to this chapter. Any agreement shall specify that if the qualified electors of the district do not approve the proposed special tax or change in a special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds.

(3) Any work in-kind accepted pursuant to this section shall have been performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the local agency.

(b) The agreement shall not constitute a debt or liability of the local agency.

53315. This chapter shall be liberally construed in order to effectuate its purposes. No error, irregularity, informality, and no neglect or omission of any officer, in any procedure taken under this chapter, which does not directly affect the jurisdiction of the legislative body to order the installation of the facility or the provision of service, shall void or invalidate such proceeding or any levy for the costs of such facility or service.

53315.3. The failure of any person to receive a notice, resolution, order, or other matter shall not affect in any way whatsoever the validity of any proceedings taken under this chapter, or prevent the legislative body from proceeding with any hearing so noticed.

53315.6. When any proceeding is initiated under this chapter by a legislative body other than that of a city or county, a copy of the resolution of intention shall be transmitted to the legislative body of the city, where the land to be assessed lies within the corporate limits of any city, or of the county, where the land to be assessed lies within an unincorporated territory.

53315.8. A county may not form a district within the territorial jurisdiction of a city without the consent of the legislative body of the city.

53316. This chapter applies to all local agencies insofar as those entities have the power to install or contribute revenue for any of the facilities or provide or contribute revenue for any of the services authorized under this chapter. This chapter authorizes local agencies to create community facilities districts pursuant to this chapter within their territorial limits. A local agency may initiate proceedings pursuant to Section 53318 to include territory proposed for annexation to the local agency within a community facilities district if a petition or resolution of application for the annexation of the territory to the local agency has been accepted for filing and a certificate of filing has been issued by the executive officer of the local agency formation commission at the time the proceedings to create the district are initiated. Those proceedings may be completed only if the annexation of the territory to the local agency is completed. The officers of local agencies who have similar powers and duties, as determined by the legislative body of the local agency, as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to the municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties under this chapter. Any local agency that has no authority to enact an ordinance under other laws may,

for purposes of this chapter, enact an ordinance in substantially the same manner as provided for the enactment of a city ordinance in Chapter 2 (commencing with Section 36900) of Part 2 of Division 3 of Title 4.

53316.2. (a) A community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the district, or services to be provided by a public agency other than the agency that created the district, or any combination, only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to this section. A joint community facilities agreement or a joint exercise of powers agreement with a state or federal agency shall not be required if the local agency that created the district is the agency that would, in the absence of the district, enter into an agreement with the state or federal agency for the provision of the facilities or services, or if the local agency that created the district enters into a joint agreement with the public agency that would, in the absence of the district, enter into an agreement with the state or federal agency for the provision of the facilities or services.

(b) At any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to this section and Sections 53316.4 and 53316.6 or into a joint exercise of powers agreement pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1) to exercise any power authorized by this chapter with respect to the community facilities district being created or changed if the legislative body of each entity adopts a resolution declaring that the joint agreement would be beneficial to the residents of that entity. This subdivision shall not be construed to limit the ability of a joint powers authority created pursuant to the Joint Exercise of Powers Act to exercise the powers authorized by the Joint Exercise of Powers Act.

(c) Notwithstanding the Joint Exercise of Powers Act, a contracting party may use the proceeds of any special tax or charge levied pursuant to this chapter or, in the case of facilities, of any bonds or other indebtedness issued pursuant to this chapter to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(d) Notwithstanding subdivision (b), nothing in this section shall prevent entry into or amendment of a joint community facilities agreement or a joint exercise of powers agreement at any time, if the new agreement or amendment is necessary, as determined by the legislative body, for either of the following reasons:

(1) To allow an orderly transition of governmental facilities and finances in the case of any change in governmental organization approved pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3

(commencing with Section 56000) of Title 5) or other law governing the reorganization of any agency that is a party to the agreement.

(2) To allow participation in the agreement by a state or federal agency, including, but not limited to, the California Department of Transportation. Participation in an agreement by a state or federal agency is purely optional.

(e) Notwithstanding any other provision of this chapter, no local agency that is party to a joint exercise of powers agreement or joint community facilities agreement shall have primary responsibility for formation of a district, or for an extension of authorized facilities and services or a change in special taxes pursuant to Article 3 (commencing with Section 53330), unless that local agency is one or more of the following:

(1) A city, a county, or a city and county.

(2) An agency created pursuant to a joint powers agreement that is separate from the parties to the agreement, is responsible for the administration of the agreement, and is subject to the notification requirement of Section 6503.5.

(3) An agency that is reasonably expected to have responsibility for providing facilities or services to be financed by a larger share of the proceeds of special taxes and bonds of the district or districts created or changed pursuant to the joint exercise of powers agreement or the joint community facilities agreement than any other local agency.

53316.4. The agreement entered into pursuant to Section 53316.2 shall contain a description of the facilities and services to be provided under the agreement, and any real or tangible property which is to be purchased, constructed, expanded, or rehabilitated.

53316.6. The agreement entered into pursuant to Section 53316.2 may provide for the division of responsibility to provide any of the facilities or services among the entities entering into the agreement. The agreement shall provide for the allocation and distribution of the proceeds of any special tax levy among the parties to the agreement.

53317. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Clerk" means the clerk of the legislative body of a local agency.

(b) "Community facilities district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing facilities and services.

(c) "Cost" means the expense of constructing or purchasing the public facility and of related land, right-of-way, easements, including incidental expenses, and the cost of providing authorized services, including incidental expenses.

(d) "Debt" means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

(e) "Incidental expense" includes all of the following:

(1) The cost of planning and designing public facilities to be financed pursuant to this chapter, including the cost of environmental evaluations of those facilities.

(2) The costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district.

(3) Any other expenses incidental to the construction, completion, and inspection of the authorized work.

(f) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of the land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless one of the following exists:

(1) The land owned by a public agency would be subject to a special tax pursuant to Section 53340.1.

(2) The public agency has acquired the property by purchase or negotiation in connection with foreclosure of a special tax lien and it is intended that the property will be transferred to private ownership.

(3) The public agency states in the proceedings that its land is intended to be transferred to private ownership and provides in the proceedings that its land will be subject to the special tax on the same basis as private property within the district and affirmatively waives any defense based on the fact of public ownership, to any action to foreclose on the property in the event of nonpayment of the special tax.

(4) The land owned by a public agency is within the territory of a military base that is closed or is being closed.

(g) "Legislative body" means the legislative body or governing board of any local agency.

(h) "Local agency" means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state.

(i) "Rate" means a single rate of tax or a schedule of rates.

(j) "Services" means the provision of categories of services identified in Section 53313. "Services" includes the performance by employees of functions, operations, maintenance, and repair activities. "Services" does not include activities or facilities

identified in Section 53313.5. “Maintenance” shall include replacement, and the creation and funding of a reserve fund to pay for a replacement.

53317.3. If property not otherwise exempt from a special tax levied pursuant to this chapter is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property. However, even if the resolution of formation that authorized creation of the district did not specify conditions under which the obligation to pay a special tax may be prepaid and permanently satisfied, the legislative body of the local agency that created the district may specify conditions under which the public agency that acquires the property may prepay and satisfy the obligation to pay the tax. The conditions may be specified only if the local agency that created the district finds and determines that the prepayment arrangement will fully protect the interests of the owners of the district's bonds.

53317.5. If property subject to a special tax levied pursuant to this chapter is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax shall be treated, pursuant to Section 1265.250 of the Code of Civil Procedure, as if it were a special annual assessment. For this purpose, the present value of the obligation to pay a special tax to pay the principal and interest on any indebtedness incurred by the district prior to the date of apportionment determined pursuant to Section 5082 of the Revenue and Taxation Code shall be treated the same as a fixed lien special assessment.

The Infrastructure Financing District Act

53395 (a) The Legislature finds and declares that the state and federal governments have withdrawn in whole or in part from their former role in financing major, regional, or communitywide infrastructure, including highways and interchanges, sewage treatment and water reclamation works, water supply and treatment works, flood control and drainage works, schools, libraries, parks, parking facilities, open space, and seismic retrofit and rehabilitation of public facilities.

(b) The Legislature further finds and declares that the methods available to local agencies to finance public works often place an undue and unfair burden on buyers of new homes, especially for public works that benefit the broader community.

(c) The Legislature further finds and declares that the absence of practical and equitable methods for financing both regional and local public works leads to a declining standard of public works, a reduced quality of life and decreased safety for affected citizens, increased objection to otherwise desirable development, and excessive costs for homebuyers.

(d) The Legislature further finds and declares that it is equitable and in the public interest to provide alternative procedures for financing public works and services needed to meet the needs of new housing and other development projects.

53395.1. Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, or a city and county.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53395.13.

(e) (1) "District" means an infrastructure financing district.

(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure financing district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing public facilities.

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.

53395.2. (a) The revenues available pursuant to Article 3 (commencing with Section 53396) may be used directly for work allowed pursuant to Section 53395.3, may be accumulated for a period not to exceed five years to provide a fund for that work, may be pledged to pay the principal of, and interest on, bonds issued pursuant to Article 4 (commencing with Section 53397.1), or may be pledged to pay the principal of, and interest on, bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) or the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311)), the proceeds of which have been or will be used entirely for allowable purposes of the district. The revenue of the district may also be advanced for allowable purposes of the district to an Integrated Financing District established pursuant to Chapter 1.5 (commencing with Section 53175), in which case the district may be party to a reimbursement agreement established pursuant to that chapter. The revenues of the district may also be committed to paying for any completed public facility acquired pursuant to Section 53395.3 over a period of time, including

the payment of a rate of interest not to exceed the bond buyer index rate on the day that the agreement to repay is entered into by the city or county.

(b) The legislative body may enter into an agreement with any affected taxing entity providing for the construction of, or assistance in, financing public facilities.

53395.3. (a) A district may finance (1) the purchase, construction, expansion, improvement, seismic retrofit, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer which satisfies the requirements of subdivision (b), (2) may finance planning and design work which is directly related to the purchase, construction, expansion, or rehabilitation of that property and (3) the costs described in Sections 53395.5, and 53396.5. A district may only finance the purchase of facilities for which construction has been completed, as determined by the legislative body. The facilities need not be physically located within the boundaries of the district. A district may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.

(b) The district shall finance only public capital facilities of communitywide significance, which provide significant benefits to an area larger than the area of the district, including, but not limited to, all of the following:

(1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.

(2) Sewage treatment and water reclamation plants and interceptor pipes.

(3) Facilities for the collection and treatment of water for urban uses.

(4) Flood control levees and dams, retention basins, and drainage channels.

(5) Child care facilities.

(6) Libraries.

(7) Parks, recreational facilities, and open space.

(8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles.

(c) Any district which constructs dwelling units shall set aside not less than 20 percent of those units to increase and improve the community's supply of low- and moderate-income housing available at an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, to persons and families of low- and moderate-income, as defined in Section 50093 of the Health and Safety Code.

53395.3.5. Notwithstanding subdivision (b) of Section 53395.3, a district may reimburse a developer of a project that is located entirely within the boundaries of that district for any permit expenses incurred and to offset additional expenses incurred by the developer in constructing affordable housing units pursuant to the Transit Priority Project Program established in Section 65470.

53395.4.

(a) A district may finance only the facilities or services authorized in this chapter to the extent that the facilities or services are in addition to those provided in the territory of the district before the district was created. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created but may supplement those facilities and services as needed to serve new developments.

(b) A district may include areas that are not contiguous.

(c) A district may finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area. The successor agency to the former redevelopment agency shall receive a finding of completion, as defined in Section 34179.7 of the Health and Safety Code, prior to the district financing any project or portion of a project under this subdivision.

(d) Notwithstanding subdivision (c), any debt or obligation of a district shall be subordinate to an enforceable obligation of a former redevelopment agency, as defined in Section 34171 of the Health and Safety Code. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.

(e) The legislative body of the city or county forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53395.14.

(f) For the purposes of this section, “net available revenue” means periodic distributions to the city or county from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city or county after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code. **53395.5**. It is the intent of the Legislature that the area of the districts created be substantially undeveloped, and the establishment of a district should not ordinarily lead to the removal of existing dwelling units. If, however, any dwelling units are proposed to be removed or destroyed in the course of private development or public works construction within the area of the district, the legislative body shall do all of the following:

(a) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons or families of low or moderate income, of an equal number of replacement dwelling units at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if

the dwelling units removed were inhabited by persons or families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) Within four years of the removal or destruction, cause or require the construction or rehabilitation, for rental or sale to persons of low or moderate income, a number of dwelling units which is at least one unit but not less than 20 percent of the total dwelling units removed at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, within the territory of the district if the dwelling units removed or destroyed were not inhabited by persons of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(c) Provide relocation assistance and make all the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, to persons displaced by any public or private development occurring within the territory of the district. This displacement shall be deemed to be the result of public action.

(d) Ensure that removal or destruction of any dwelling units occupied by persons or families of low or moderate income not take place unless and until there are suitable housing units, at comparable cost to the units from which the persons or families were displaced, available and ready for occupancy by the residents of the units at the time of their displacement. The housing units shall be suitable to the needs of these displaced persons or families and shall be decent, safe, sanitary, and otherwise standard dwellings.

53395.6. Any action or proceeding to attack, review, set aside, void, or annul the creation of a district, adoption of an infrastructure financing plan, including a division of taxes thereunder, or an election pursuant to this chapter shall be commenced within 30 days after the enactment of the ordinance creating the district pursuant to Section 53395.23. Consistent with the time limitations of this section, such an action or proceeding with respect to a division of taxes under this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, except that Section 869 of the Code of Civil Procedure shall not apply.

53395.7. An action to determine the validity of the issuance of bonds pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. However, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, the action shall be commenced within 30 days after adoption of the resolution pursuant to Section 53397.6 providing for issuance of the bonds if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

53395.8. (a) This section applies only to the City and County of San Francisco, and to any waterfront district.

(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that providing the ability to capture property tax increment revenues to finance needed public facilities in waterfront lands in San Francisco that

are subject to the public trust to the public agencies with the responsibility to administer those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the state.

(c) For purposes of this section, the following terms have the following meanings except as otherwise provided:

(1) "Affected taxing entity" means any governmental taxing agency, except San Francisco and its local educational agencies, that levied or had levied on its behalf a property tax on all or a portion of the land located in the proposed district in the fiscal year prior to the designation of the district, all or a portion of which the district proposes to collect in the future under its infrastructure financing plan except as provided in subdivision (h).

(2) "Base year" means the fiscal year in which the assessed value of taxable property in the district was last equalized prior to the effective date of the ordinance adopted to create the district, or a subsequent fiscal year specified in the infrastructure financing plan for the district.

(3) "Board" means the Board of Supervisors of the City and County of San Francisco, which shall be the legislative body for any district formed under this section.

(4) "Debt" means loans, advances, or other forms of indebtedness and financial obligations, including, but not limited to, commercial paper, variable rate demand notes, all moneys payable in relation to the debt, and all debt service coverage requirements in any debt instrument, in addition to the obligations specified in the definition of "debt" in Section 53395.1.

(5) "District" means any district created under this chapter, including any project area within a district.

(6) "ERAF" means the Educational Revenue Augmentation Fund.

(7) "ERAF-secured debt" means debt incurred to finance a Pier 70 district subject to a Pier 70 enhanced financing plan that is secured by and will be repaid from the ERAF share.

(8) "ERAF share" means the county ERAF portion of incremental tax revenue committed to a Pier 70 district under a Pier 70 enhanced financing plan.

(9) "Local educational agencies" means, collectively, the San Francisco Unified School District, the San Francisco Community College District, and the San Francisco County Office of Education.

(10) "Mirant site" means the San Francisco waterfront land owned by Mirant Corporation, on which it or its affiliate formerly operated a coal gasification power plant.

(11) "Pier 70 district" means a waterfront district that includes 65 acres of waterfront land in the area near Pier 70.

(12) "Pier 70 enhanced financing plan" means an infrastructure district financing plan for a Pier 70 district that contains a provision authorized under subparagraph (D) of paragraph (3) of subdivision (g).

(13) "Port" means the Port of San Francisco.

(14) "Project area" means a defined area designated for development within a waterfront district formed under this chapter in accordance with subdivision (g).

(15) "Public facilities" means facilities and, where the context requires, related services, authorized to be financed in whole or in any part by a district formed under this chapter in accordance with subdivision (g). Public facilities may be publicly owned or privately owned utility infrastructure if they are available to or serve the general public. “Public facilities” includes any capital facility fees used to pay for public facilities.

(16) "San Francisco" means the City and County of San Francisco. For purposes of applying this chapter, San Francisco is a city.

(17) "Waterfront district" means a district formed under this chapter on land under port jurisdiction along the San Francisco waterfront and any special waterfront district as defined in Section 53395.81.

(18) "Waterfront set aside" means the restricted funds required to be set aside under clause (ii) of subparagraph (C) of paragraph (3) of subdivision (g).

(19) “County tax collector” means the county auditor-controller, tax collector, or other officer responsible for the payment of property taxes into the funds of taxing entities.

(d) In addition to the facilities and services authorized by Section 53395.3, a waterfront district may finance any of the following:

(1) Remediation of hazardous materials in, on, under, or around any real or tangible property.

(2) Seismic and life-safety improvements to existing buildings.

(3) Rehabilitation, restoration, and preservation of structures, buildings, or other facilities having special historical, architectural, or aesthetic interest or value and that are listed on the National Register of Historic Places, are eligible for listing on the National Register of Historic Places individually or because of their location within an eligible registered historic district, or are listed on a state or local register of historic landmarks.

(4) Structural repairs and improvements to piers, seawalls, and wharves, and installation of piles.

(5) Removal of bay fill.

(6) Stormwater management facilities, other utility infrastructure, or public open-space improvements.

(7) Shoreline restoration.

(8) Other repairs and improvements to maritime facilities.

(9) Planning and design work that is directly related to any public facilities authorized to be financed by a waterfront district.

(10) Reimbursement payments made to the California Infrastructure and Economic Development Bank in accordance with paragraph (5) of subdivision (e) of Section 53395.81.

(e) A waterfront district may include, and finance public facilities on, tidelands and submerged lands, including filled or unfilled lands, subject to the public trust for commerce, navigation, and fisheries, and the applicable statutory trust grant or grants. Public facilities located on tidelands and submerged lands shall serve and promote uses and purposes consistent with the public trust and applicable statutory trust grants. Public facilities that increase access to, or the use or enjoyment of, public trust lands will be deemed to be facilities of communitywide significance that provide significant benefits to an area larger than the area of the district.

(f) Public facilities financed by a waterfront district shall be public trust assets subject to the administration and control of the district, except for the following:

(1) Utility infrastructure and public transportation facilities, except maritime transportation facilities that are administered and controlled by another entity under an agreement with the port.

(2) Public facilities on land located in a previously formed waterfront district that the port subsequently leases, sells, or otherwise transfers to any person free of the public trust, the Burton Act trust, and any additional restrictions on use or alienability created by the Burton Act transfer agreement, provided that the State Lands Commission has concurred in the lifting of trust restrictions on the transferred land and that the transferred land will remain in and subject to the district.

(g) For a waterfront district, the requirements of this subdivision supplant and replace the provisions of Sections 53395.10 to 53395.25, inclusive. The board may adopt or amend one or more infrastructure financing plans for districts along the San Francisco waterfront according to the procedures in this section. Except as provided otherwise in this subdivision or in Section 53395.81, the provisions of subdivisions (a) and (b) of Section 53395.4 shall not apply to a waterfront district. A waterfront district may be formed and become effective at any time. A district may be divided into project areas, each of which may be subject to distinct time limitations established under this subdivision. Within a district, one or more project areas may be a special waterfront district as defined in Section 53395.81.

(1) The board shall initiate proceedings for the establishment of a district by adopting a resolution of intention to establish the proposed district that does all of the following:

(A) States an infrastructure financing district is proposed to be established and describes the boundaries of the proposed district. The boundaries may be described by reference to a map on file in the office of the clerk of the board.

The boundaries may be described by reference to a map on file in the office of the clerk of the board.

(B) States the type of public facilities proposed to be financed by the district.

(C) States that incremental property tax revenue from San Francisco and some or all affected taxing entities within the district, but none of the local educational agencies, except as provided in subdivision (h) or as a result of the allocation of the ERAF share, may be used to finance these public facilities.

(D) Directs the executive director of the port, or an appropriate official designated by the executive director, to prepare a proposed infrastructure financing plan.

(2) The board shall direct the city clerk to mail a copy of the resolution of intention to any affected taxing entities.

(3) The proposed infrastructure financing plan shall be consistent with the general plan of San Francisco, as amended from time to time, and shall include all of the following:

(A) A map and legal description of the proposed district, which may include all or a portion of the district designated by the board in its resolution of intention.

(B) A description of the public improvements and facilities required to serve the development proposed in the district, including those to be provided by the private sector, those to be provided by governmental entities without assistance under this chapter, those public facilities to be financed with assistance from the proposed district, and those to be provided jointly. The description shall include the proposed location, timing, and projected costs of the public facilities. The description may consist of a reference to the capital plan for the territory in the district that is approved by the board, as amended from time to time.

(C) A financing section that shall contain all of the following:

(i) A provision that specifies the maximum portion of the incremental tax revenue of San Francisco and of any affected taxing entity proposed to be committed to the district, and affirms that the plan will not allocate any portion of the incremental tax revenue of the local educational agencies to the district.

(ii) Limitations on the use of levied taxes allocated to and collected by the district that, except as provided by this section or Section 53395.81, provide that incremental tax revenues allocated to a district must be used within the district for purposes authorized under this section, and that not less than 20 percent of the amount allocated to a district shall be set aside to be expended solely on shoreline restoration, removal of bay fill, or waterfront public access to or environmental remediation of the San Francisco waterfront.

(iii) A projection of the amount of incremental tax revenues expected to be received by the district, assuming a district receives incremental tax revenues for a period no longer than 45 years after San Francisco projects that the district will have received one hundred thousand dollars ($100,000) in incremental tax revenues under this chapter.

(iv) Projected sources of financing for the public facilities to be assisted by the district, including debt to be repaid with incremental tax revenues, projected revenues from future leases, sales, or other transfers of any interest in land within the district, and any other legally available sources of funds. The projection may refer to the capital plan for the territory in the district that is approved by the board, as amended from time to time.

(v) A limitation on the aggregate number of dollars of levied taxes that may be divided and allocated to the district. Taxes shall not be divided or be allocated to the district beyond this limitation, except by amendment of the infrastructure financing plan pursuant to the procedures in this subdivision. In the event San Francisco divides a district into project areas, the project areas may share this limit and the limit may be divided among the project areas or a separate limit may be established for a project area.

(vi) A date on which the effectiveness of the infrastructure financing plan and all tax allocations to the district will end and a date on which the district's authority to repay indebtedness with incremental tax revenues received under this chapter will end, not to exceed 45 years from the date the district has actually received one hundred thousand dollars ($100,000) in incremental tax revenues under this chapter. After the time limits established under this subparagraph, a district shall not receive incremental tax revenues under this chapter.

(vii) An analysis of the costs to San Francisco for providing facilities and services to the district while the district is being developed and after the district is developed, and of the taxes, fees, charges, and other revenues expected to be received by San Francisco as a result of expected development in the district.

(viii) An analysis of the projected fiscal impact of the district and the associated development upon any affected taxing entity. If no affected

taxing entities exist within the district because the plan does not provide for collection by the district of any portion of property tax revenues allocated to any taxing entity other than San Francisco, the district has no obligation to any other taxing entity under this subdivision.

(ix) A statement that the district will maintain accounting procedures in accordance, and otherwise comply, with Section 6306 of the Public Resources Code for the term of the plan.

(D) For a Pier 70 district only, the Pier 70 enhanced financing plan may contain a provision meeting the requirements of Section 53396 that allocates a portion of the incremental tax revenue of San Francisco and of other designated affected taxing entities to the Pier 70 district.

The portion of incremental tax revenue of San Francisco to be allocated to the Pier 70 district must be equal to the portion of the incremental tax revenue of the county ERAF proposed to be committed to the Pier 70 district. In addition to all other requirements under this section, a Pier 70 district shall also be subject to the following additional limitations:

(i) A Pier 70 district subject to a Pier 70 enhanced financing plan shall not be formed and become effective prior to January 1, 2014.

(ii) Any Pier 70 enhanced financing plan shall contain all of the following:

(I) A time limit on the issuance of new ERAF-secured debt to finance the district, which may not exceed 20 fiscal years from the fiscal year in which any Pier 70 district subject to a Pier 70 enhanced financing plan first issues debt. The ERAF-secured debt may be repaid over the period of time ending on the time limit established under clause (vi) of subparagraph (C). This time limit on the issuance of new ERAF-secured debt shall not prevent a Pier 70 district from subsequently refinancing, refunding, or restructuring ERAF-secured debt all of the following conditions are met: the time during which the debt is to be repaid is not extended beyond the time limit established under clause (vi) of subparagraph (C); in the case of a refinancing or refunding to achieve savings, the total interest cost to maturity on the new debt plus the principal amount of the new debt does not exceed the total interest cost to maturity on the debt to be refunded plus the principal of the debt to be refunded; and the principal amount of the new debt does not exceed the amount required to defease the debt to be refunded, refinanced, or restructured, to establish customary debt service reserves and to pay related costs of issuance. If these conditions are satisfied, the initial principal amount of the new debt may be greater than the outstanding principal amount of the debt to be refunded, refinanced, or restructured.

(II) A statement that the Pier 70 district shall be subject to a limitation on the number of dollars of the ERAF share that may be divided and allocated to the Pier 70 district pursuant to the Pier 70 enhanced financing plan, including any amendments to the plan, which shall be established in consultation with the county tax collector. This limitation and a schedule specifying the amount of the ERAF share that must be divided and allocated to the district in each succeeding fiscal year until all ERAF-secured debt has been paid shall be included in the statement of indebtedness that the Pier 70 district files for the 19th fiscal year after the fiscal year in which any ERAF-secured debt is first issued. The ERAF share shall not be divided and shall not be allocated to the Pier 70 district beyond that limitation.

(III) The limitations established by subclauses (I) and (II) may be amended only by amendment of this section. When the ERAF-secured debt, if any, has been paid, all moneys thereafter allocated to the ERAF share shall be paid into ERAF as taxes on all other property are paid. In addition, beginning in the 21st fiscal year after the fiscal year in which ERAF-secured debt is first issued, any portion of the ERAF share in excess of the amount required to meet the Pier 70 district's ERAF-secured debt service obligations shall be paid into ERAF.

(4) The proposed infrastructure financing plan shall be mailed to each affected taxing entity for review, together with, to the extent available, any report required by the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) that pertains to the proposed public facilities and any proposed development project for which the public facilities are needed, and shall be made available for public inspection. The report also shall be sent to the San Francisco Planning Department and the board.

(5) Except as provided in subdivision (h), and except as a result of an ERAF share allocation, the board shall not enact a resolution proposing formation of a district and providing for the division of taxes of any affected taxing entities for use in the Pier 70 district as set forth in the proposed infrastructure financing plan unless a resolution approving the plan has been adopted by the governing body of each affected taxing entity that is proposed to be subject to division of taxes as set forth in the proposed infrastructure financing plan, and that resolution has been filed with the board at or prior to the time of the hearing. A resolution approving the plan adopted by the governing body of an affected taxing entity shall be deemed the affected taxing entity's agreement to participate in the plan for the purposes of Section 53395.19.

(6) If the governing body of an affected taxing entity has not approved the infrastructure financing plan before the board considers the plan, the board may

amend the infrastructure financing plan to remove the allocation of the tax revenues of the nonconsenting affected taxing entity. If a plan is so amended, the plan also shall be amended to provide that San Francisco will allocate to the Pier 70 district funds equal on a dollar-for-dollar basis to the tax revenues that the Pier 70 district would have received from the allocation of tax revenues of the affected taxing entity that is removed from the plan.

(7) The board shall hold a public hearing regarding the infrastructure financing plan that shall be scheduled on a date no earlier than 60 days after the plan has been sent to each affected taxing entity, or in the absence of any affected taxing entities, no earlier than 30 days after the plan has been lodged with the clerk of the board. Notice of the public hearing must be published not less than once a week for four successive weeks in a newspaper designated by the board for the publication of official notices in San Francisco, or if the board no longer designates a newspaper for the publication of official notices, a newspaper of general circulation serving primarily San Francisco residents. The notice shall state that the district will be established to finance public facilities, briefly describe the public facilities and the proposed financial arrangements, including the proposed commitment of incremental tax revenue, describe the boundaries of the proposed district, and state the day, hour, and place when and where any persons having any objections to the proposed infrastructure financing plan, or the regularity of any of the previous proceedings, may appear before the board and object to the adoption of the proposed infrastructure financing plan by the board.

(8) At the hour set in the required notices, the board shall proceed to hear and pass upon all written and oral objections. The hearing may be continued from time to time. The board shall consider any recommendations of affected taxing entities, and all evidence and testimony for and against the adoption of the infrastructure financing plan.

(9) No election will be required to form the district, and at the conclusion of the hearing, the board may adopt an ordinance adopting the infrastructure financing plan, as drafted or as modified by the board, or it may abandon the proceedings.

(10) Any public or private owner of land that is not within an existing district, but that has any boundary line contiguous to a boundary of the waterfront district, may petition the board for inclusion of the land in the waterfront district without an election. The annexation shall take effect on the effective date of the ordinance of the board's annexation approval. As a condition to inclusion of its land in the waterfront district, the petitioning landowner shall acknowledge and agree that any portion of the land within 100 feet of the San Francisco Bay Conservation and Development Commission shoreline (shoreline band) will include contiguous public access along the length of the shoreline band, improved and maintained to standards equal to adjacent waterfront public access ways on public land, as certified by the San Francisco Bay Conservation and Development Commission. Nothing in this section is intended to affect or limit the authority of the San

Francisco Bay Conservation and Development Commission pursuant to Chapter 1 (commencing with Section 66600) of Title 7.2, or any other law. This procedure will apply to any petition to include the Mirant site in the Pier 70 district, but the board may amend the Pier 70 financing plan to include the Mirant site in the Pier 70 district only after the Director of Finance's approval.

(11) The ordinance creating a district and adopting or amending an infrastructure financing plan shall establish the base year for the district. The base year of land annexed into a district shall be the fiscal year in which the assessed value of the annexed land was last equalized prior to the effective date of the annexation, or a subsequent fiscal year specified in the ordinance of the board approving the annexation. The board may amend an infrastructure financing plan by ordinance for any purpose, including, but not limited to dividing an established district into one or more project areas, to reduce the district area, or, to expanding a waterfront district to include the petitioning landowner's land in the district in accordance with the board's established procedures. Any ordinance adopting or amending an infrastructure financing plan will be deemed an ordinance adopted for the purposes of Section 53395.23.

(12) With respect to a waterfront district, San Francisco may enter into an agreement for the construction of discrete portions or phases of public facilities. The agreement may include any provisions that San Francisco determines are necessary or convenient, but shall do all of the following:

(A) Identify the specific facilities or discrete portions or phases of public facilities to be constructed and purchased. San Francisco may agree to purchase discrete portions or phases of facilities if the portions or phases are capable of serviceable use as determined by San Francisco.

(B) Notwithstanding subparagraph (A), when the purchase value of a facility exceeds one million dollars ($1,000,000), San Francisco may agree to purchase discrete portions or phases of the partially completed facility.

(C) Identify procedures to ensure that the facilities are constructed pursuant to plans, standards, specifications, and other requirements as determined by San Francisco.

(D) Specify a price or a method to determine a price for each public facility or discrete portion or phase of a facility. The price may include an amount reflecting the interim cost of financing cash payments that must be made during construction of the project, at the discretion of San Francisco.

(E) Specify procedures for final inspection and approval of facilities or discrete portions or phases of facilities, for approval of payment and for acceptance and conveyance.

(h) (1) All the amounts calculated under this subdivision shall be calculated after deducting the waterfront set-aside required under clause (ii) of subparagraph (C) of paragraph (3) of subdivision (g) of this section or the set-aside required for a

special waterfront district under paragraph (3) of subdivision (c) of Section 53395.81, as applicable, from the total amount of tax increment funds allocated to a district in the applicable fiscal year. The payments made by the county tax collector under this subdivision to the affected taxing entities shall be allocated among the affected taxing entities in proportion to the percentage share of property taxes each affected taxing entity receives during the fiscal year the funds are allocated. The percentage share shall be determined without regard to any amounts allocated to a city, county, or city and county under Sections 97.68 and 97.70 of the Revenue and Taxation Code.

(2) (A) Prior to incurring any debt, except loans or advances from San Francisco, a district may subordinate to the debt the amount required to be paid by the county tax collector to an affected taxing entity under this subdivision, if any, provided the affected taxing entity has approved these subordinations as provided in this paragraph.

(B) At the time the district requests an affected taxing entity to subordinate the amount to be paid by the county tax collector to it, the district shall provide the affected taxing entity with substantial evidence that sufficient tax increment funds will be available to pay when due both the debt service on the debt and the payments by the county tax collector to the affected taxing entity required under this subdivision.

(C) Within 45 days after receipt of the district's request, the affected taxing entity shall approve or disapprove the request for subordination. An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the tax increment will be insufficient to pay when due the debt payments and the amount required to be paid by the county tax collectorto the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the district's request, the request to subordinate shall be deemed approved and its deemed approval shall be final and conclusive.

(D) For the purpose of this paragraph only, "affected taxing entity" shall mean any governmental agency that levied, or had levied on its behalf, a property tax on all or a portion of the land located in the proposed district in the fiscal year prior to the designation of the special waterfront district.

(3) The Legislature finds and declares all of the following:

(A) The payments to be made under this subdivision are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of an infrastructure financing plan, and payments made under this subdivision will benefit the district.

(B) The payments to be made under this subdivision are the exclusive payments that are required to be made by a district to affected taxing entities during the term of an infrastructure financing plan.

(4) Nothing in this section requires a district, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a district under Section 53395.6, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(i) The portion of taxes required to be allocated to the Pier 70 district under a duly adopted infrastructure financing plan shall be allocated and paid to the district by the county tax collector under the procedure contained in this subdivision. If the approved plan allocates to the Pier 70 district 100 percent of the incremental tax revenue of San Francisco that is available under applicable law to be allocated to the Pier 70 district, then the district shall not make a payment to ERAF, but if the plan allocates less than 100 percent of the incremental tax revenue of San Francisco that is available under applicable law to be allocated to the Pier 70 district, then the district shall pay a proportionate share of incremental tax revenue into ERAF.

(1) No later than October 1 of each year, for each district for which the infrastructure financing plan provides for the division of taxes, the district shall file with the county tax collector a statement of indebtedness and a reconciliation statement for the previous fiscal year certified by the chief financial officer of the district.

(2) Each statement of indebtedness shall contain all of the following:

(A) For each debt the district has incurred or entered into, all of the following:

(i) The date the district incurred or entered into the debt.

(ii) The principal amount, term, purpose, interest rate, and total interest payable over the term of the debt.

(iii) The principal amount and interest due in the fiscal year in which the statement is filed.

(iv) The total amount of principal and interest remaining to be paid over the term of the debt.

(B) The sum of the principal and interest due on all debts in the fiscal year in which the statement is filed.

(C) The sum of principal and interest remaining to be paid on all debts.

(D) The available revenues as of the end of the previous fiscal year.

(3) The district may estimate the amount of principal or interest, the interest rate, or term of any debt if the nature of the debt is such that the amount of principal or interest, the interest rate, or term cannot be precisely determined. The district may list on a statement of indebtedness any debt incurred or entered into on or before the date the statement is filed.

(4) Each reconciliation statement shall include all of the following:

(A) A list of all debts listed on the previous year's statement of indebtedness, if any.

(B) A list of all debts not listed on the previous year's statement of indebtedness, but incurred or entered into in the previous year and paid in whole or in part from incremental tax revenue received by the district. This listing may aggregate into a single item debts incurred or entered into in the previous year for a particular purpose, such as relocation expenses, administrative expenses, consultant expenses, or remediation of hazardous materials.

(C) For each debt described in subparagraph (A) or (B), all of the following shall be included:

(i) The total amount of principal and interest remaining to be paid as of the later of the beginning of the previous year or the date the debt was incurred or entered into.

(ii) Any increases or additions to the debt occurring during the previous year.

(iii) The amount paid on the debt in the previous year from incremental tax revenue received by the district.

(iv) The amount paid on the debt in the previous year from revenue other than incremental tax revenue received by the district.

(v) The total amount of principal and interest remaining to be paid as of the end of the previous fiscal year.

(D) The available revenues of the district as of the beginning of the previous fiscal year.

(E) The amount of incremental tax revenue received by the district in the previous fiscal year.

(F) The amount of available revenue received by the district in the previous fiscal year other than incremental tax revenue.

(G) The sum of the amounts paid on all debts from sources other than incremental tax revenue, to the extent that the amounts are not included as available revenues under subparagraph (F).

(H) The sum of the amounts specified in subparagraphs (D) to (G), inclusive.

(I) The sum of the amounts specified in clauses (iii) and (iv) of subparagraph (C) of paragraph (4).

(J) The amount determined by subtracting the amount determined under subparagraph (I) from the amount determined under subparagraph (H). The amount determined under this paragraph shall be the available revenues as of the end of the previous fiscal year to be reported in the statement of indebtedness.

(5) For the purposes of this paragraph, available revenues shall include all cash or cash equivalents held by the district that were received by the district under subparagraph (D) of paragraph (3) of subdivision (g) and all cash or cash equivalents held by the district that are irrevocably pledged or restricted to payment of a debt that the district has listed on a statement of indebtedness. In no event shall available revenues include funds allocated to the waterfront set-aside.

(6) For the purposes of this subdivision: (A) the amount a district is required to deposit into the waterfront set-aside shall constitute an indebtedness of the district, (B) no debt that a district intends to pay from the waterfront set-aside shall be listed on a statement of indebtedness or reconciliation statement as a debt of the district, and (C) any statutorily authorized deficit in or borrowing from funds in the waterfront set-aside shall constitute an indebtedness of the district.

(7) The county tax collector shall allocate and pay, at the same time or times as the payment of taxes into the funds of the respective taxing agencies of the county, the portion of incremental tax revenues allocated to each district under the infrastructure financing plan. The amount allocated and paid shall not exceed the amount of the district's remaining debt obligations, as determined under subparagraph (C) of paragraph (2), minus the amount of available revenues as of the end of the previous fiscal year, as determined under subparagraph (D) of paragraph (2).

(8) The statement of indebtedness constitutes prima facie evidence of the debts of the district.

(A) If the county tax collector disputes the amount of the district's debts as shown on the statement of indebtedness, the county tax collector, within 30 days after receipt of the statement, shall give written notice to the district thereof.

(B) The district, within 30 days after receipt of notice under subparagraph (A), shall submit any further information it deems appropriate to substantiate the amount of any debt that has been disputed. If the county tax collector still disputes the amount of debt, final written notice of that dispute shall be given to the district, and the amount disputed may be withheld from allocation and payment to the district as otherwise required by paragraph (7). In that event, the county tax collector shall bring an action in the superior court for declaratory relief to determine the matter no later than 90 days after the date of the final notice.

(C) In any court action brought under this paragraph, the issue shall involve only the amount of debt, and not the validity of any contract or debt instrument or any expenditures pursuant thereto. Payments to a trustee under a bond resolution or indenture of any kind or payments to a public agency in connection with payments by that public agency under a lease or bond issue shall not be disputed in any action under this paragraph. The matter shall be set for trial at the earliest possible date and shall take precedence over all

other cases except older matters of the same character. Unless an action is brought within the time provided for herein, the county tax collector shall allocate and pay the amount shown on the statement of indebtedness as provided in paragraph (7).

(D) Nothing in this subdivision shall be construed to permit a challenge to or attack on matters precluded from challenge or attack by reason of Sections 53395.6 and 53395.7. However, nothing in this subdivision shall be construed to deny a remedy against the district otherwise provided by law.

(E) The Controller shall prescribe uniform forms consistent with this subdivision for a district's statement of indebtedness and reconciliation statement. In preparing these forms, the Controller shall obtain the input of the San Francisco City Controller, the San Francisco Tax Collector, and the district.

(F) For the purposes of this subdivision, a fiscal year shall be a year that begins on July 1 and ends the following June 30.

(j) (1) Prior to the adoption by the board of an infrastructure financing plan providing for tax increment financing under subparagraph (D) of paragraph (3) of subdivision (g), any affected taxing entity may elect to be allocated, and every local educational agency shall be allocated, all or any portion of the tax revenues allocated to the district under subparagraph (D) of paragraph (3) of subdivision (g) attributable to increases in the rate of tax imposed for the benefit of the taxing entity which levy occurs after the tax year in which the ordinance adopting the infrastructure financing plan becomes effective.

(2) The governing body of any affected taxing entity electing to receive allocation of taxes under this subdivision shall adopt a resolution to that effect and transmit the same, prior to the adoption of the infrastructure financing plan, to (A) the board, (B) the district, and (C) the county tax collector. Upon receipt by the official or officials of the resolution, allocation of taxes under this section to the affected taxing entity shall be made at the time or times allocations are made under subdivision (a) of Section 33670 of the Health and Safety Code.

(3) An affected taxing entity, at any time after the adoption of the resolution, may elect not to receive all or any portion of the additional allocation of taxes under this section by rescinding the resolution or by amending the same, as the case may be, and giving notice thereof to the board, the district, and county tax collector. After receipt of a notice by the county tax collector that an affected taxing entity has elected not to receive all or a portion of the additional allocation of taxes by rescission or amendment of the resolution, any allocation of taxes to the affected taxing entity required to be made under this section shall not thereafter be made but shall be allocated to the district.

After receipt of a notice by the county tax collector that an affected taxing entity has elected to receive additional tax revenues attributable to only a portion of the increases in the rate of tax, only that portion of the tax revenues shall thereafter be allocated to the affected taxing entity, and the remaining portion thereof shall be allocated to the district.

(k) This section implements and fulfills the intent of Article 2 (commencing with Section 53395.10) and of Article XIII B and is consistent with the conclusion of California courts that tax increment revenues are not "proceeds of taxes" for purposes of the latter. The allocation and payment to a district of the portion of taxes specified in this section for the purpose of paying principal of, or interest on, loans, advances, or indebtedness incurred for facilities or the cost of acquisition and construction of facilities under this section shall not be deemed the receipt by a district of proceeds of taxes levied by or on behalf of the district within the meaning or for the purposes of Article XIII B of the California Constitution, nor shall this portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to limitation of, any other public body within the meaning or for purposes of Article XIII B of the California Constitution or any statutory provision enacted in implementation of Article XIII B. The allocation and payment to a district of this portion of taxes shall not be deemed the appropriation by a district of proceeds of taxes levied by or on behalf of a district within the meaning or for purposes of Article XIII B of the California Constitution.

53395.81. (a) This section shall apply only to a special waterfront district.

(b) A special waterfront district may be created as a waterfront district pursuant to, and shall be subject to, all applicable requirements of Sections 53395.3 and 53395.8, except as provided in this section.

(c) (1) The special waterfront district ERAF share produced in a Port America's Cup district with a special waterfront district enhanced financing plan shall be used only to finance the following:

(A) Construction of the port's maritime facilities at Pier 27.

(B) Planning and design work that is directly related to the port's maritime facilities at Pier 27.

(C) Planning, design, and construction of improvements to publicly owned waterfront lands held by trustee agencies, such as the National Park Service, the California State Parks, and departments of San Francisco, and used as public spectator viewing sites for America's Cup-related events, including the portions of San Francisco Bay Trail under the jurisdiction of those trustee agencies. Any improvements authorized under this subparagraph shall not be required to be in the district.

(D) Future installations of shoreside power facilities on port maritime facilities.

(2) A special waterfront district enhanced financing plan for a Port America's Cup district shall provide that the proceeds of special waterfront district ERAF-secured debt are restricted for use to finance directly, reimburse the port for its costs related to, or refinance other debt incurred in, the construction of the port's maritime facilities at Pier 27, including public access and public open-space improvements, and for any other purposes for which the ERAF share can be used, subject to the set-aside requirements of paragraph (3).

(3) Twenty percent in the aggregate of the special waterfront district ERAF share allocated to a Port America's Cup district under this section shall be set aside to finance costs of planning, design, acquisition, and construction of improvements to waterfront lands owned by federal, state or trustee agencies, such as the National Park Service or the California State Parks as provided in subparagraph (C) of paragraph (1). Any improvements authorized under this paragraph are not required to be located in the district.

(4) The 20 percent set-aside requirements applicable to a special waterfront district set forth in paragraph (3) are in lieu of the set-aside requirement set forth in clause (ii) of subparagraph (C) of paragraph (3) of subdivision (g) of Section 53395.8.

(5) All improvements authorized by this section in a Port America’s Cup district shall be deemed to be public facilities of communitywide significance, which provide significant benefits to an area larger than the area of the district.

(d) If any portion of the 20-percent set-aside funds described in paragraph (3) of subdivision (c) is allocated to a federal or state trustee agency, both of the following shall apply:

(1) The special waterfront district enhanced financing plan for the Port America’s Cup district shall specify the portion of the 20-percent set-aside funds described in paragraph (3) of subdivision (c) that is allocated to any federal or state trustee agency. However, the trustee agency’s proposed use of the 20-percent set-aside funds does not need to be described in the special waterfront district enhanced financing plan pursuant to subparagraph (B) of paragraph (3) of subdivision (g) of Section 53395.8.

(2) San Francisco shall direct the county tax collector to pay the 20-percent set-aside funds allocated to the federal or state trustee agency directly to such trustee agency.

(e) (1) Before adopting the resolution authorizing the first debt issuance by a Port America's Cup district with a special waterfront district enhanced financing plan authorized by this section, the board of supervisors shall submit a fiscal analysis to the California Infrastructure and Economic Development Bank for review and approval.

(2) The bank may circulate the fiscal analysis to other state agencies, including, but not limited to, the Department of Finance, the Department of Housing and

Community Development, and the Office of Planning and Research, and solicit their comments and recommendations. After considering the comments and recommendations of other state agencies, if any, the bank shall take one of the following actions:

(A) Approve the fiscal analysis if the bank makes the finding required pursuant to paragraph (4).

(B) Return the fiscal analysis to the board of supervisors with specific recommendations for changes that would allow the bank to approve the fiscal analysis.

(3) The bank shall have 90 days from the receipt of the fiscal analysis to act pursuant to this subdivision. If the bank does not act within 90 days, the fiscal analysis shall be deemed approved.

(4) For bank approval, the fiscal analysis shall demonstrate to the bank's reasonable satisfaction a reasonable probability that the economic activity proposed to occur as a result of hosting the America's Cup event in California would result in an amount of revenue to the General Fund with a net present value that is greater than the net present value of the amount of property tax increment revenues that would be diverted from ERAF over the term of the Port America's Cup district, taking into consideration all pertinent data. In reviewing the board's fiscal analysis, the bank shall consider only those General Fund revenues that would occur because of economic activity proposed to occur as a result of hosting the America's Cup event in California. The bank shall not consider those General Fund revenues that would have occurred if the America's Cup event were not held in California.

(5) The legislative body shall reimburse the bank for the reasonable cost of the review and approval of the fiscal analysis.

(f) The tax collector shall allocate and pay to a special waterfront district the portion of taxes required to be allocated pursuant to an approved special waterfront district enhanced financing plan. If the plan allocates 100 percent of the incremental tax revenue of San Francisco that is available under applicable law to be allocated to the special waterfront district, then the special waterfront district shall not make a payment to ERAF, but if the plan allocates less than 100 percent of the incremental tax revenue of San Francisco that is available under applicable law to be allocated to a special waterfront district then the special waterfront district shall pay a proportionate share of incremental tax revenue into ERAF. The special waterfront district shall file a statement of indebtedness and a reconciliation statement annually in the same manner as described in subdivision (i) of Section 53395.8. It is the intent of this subdivision that any special waterfront district shall be deemed to be a district formed pursuant to subparagraph (D) of paragraph (3) of subdivision (g) of Section 53395.8 for purposes of allocation and payment of taxes by the county tax collector as set forth in subdivision (i) of Section 53395.8.

(g) This section implements and fulfills the intent of Article 2 (commencing with Section 53395.10) and of Article XIII B and is consistent with the conclusion of California courts that tax increment revenues are not "proceeds of taxes" for purposes of the latter. The allocation and payment to a special waterfront district of the special waterfront district ERAF share for the purpose of paying principal of, or interest on, loans, advances, or indebtedness incurred for facilities or the cost of acquisition and construction of facilities under this section shall not be deemed the receipt by the special waterfront district of proceeds of taxes levied by or on behalf of the special waterfront district within the meaning or for the purposes of Article XIII B of the California Constitution, nor shall this portion of taxes be deemed the receipt of proceeds of taxes by, or an appropriation subject to limitation of, any other public body within the meaning or for purposes of Article XIII B of the California Constitution or any statutory provision enacted in implementation of Article XIII B. The allocation and payment to a special waterfront district of this portion of taxes shall not be deemed the appropriation by a special waterfront district of proceeds of taxes levied by or on behalf of a district within the meaning or for purposes of Article XIII B of the California Constitution.

(h) For purposes of this section, the meanings set forth in subdivision (c) of Section 53395.8 shall apply as appropriate, and the following terms have the following meanings, except as otherwise provided:

(1) "Port America's Cup district" means a special waterfront district in the City and County of San Francisco that includes one or more of Seawall Lot 330, Pier 19, Pier 23, and Pier 29.

(2) "Special waterfront district" means a waterfront district in San Francisco that may comprise some or all of the America's Cup venues or potential venues.

(3) "Special waterfront district enhanced financing plan" means an infrastructure financing plan for a special waterfront district that contains a provision substantially similar to that authorized for a Pier 70 district under subparagraph (D) of paragraph (3) of subdivision (g) of Section 55395.8, with only those changes deemed necessary by the legislative body of the special waterfront district to implement the financing of the improvements described in paragraph (1) of subdivision (c).

(4) "Special waterfront district ERAF-secured debt" means debt incurred in accordance with a special waterfront district enhanced financing plan that is secured by and will be repaid from the special waterfront district ERAF share. For a Port America's Cup district, special waterfront district ERAF-secured debt includes the portion of any debt that is payable from the special waterfront district ERAF share as long as the same percentage of debt proceeds will be used for the purposes authorized by paragraph (2) of subdivision (c).

(5) (A) "Special waterfront ERAF share" means the county ERAF portion of incremental tax revenue committed, as applicable, to a special waterfront district under a special waterfront district enhanced financing plan.

(B) Notwithstanding any other provision of this chapter, the maximum amount of the county ERAF portion of incremental tax revenues committed to a special waterfront district under this section shall not exceed one million dollars ($1,000,000) in any fiscal year.

53395.85. If a city or county that is a member of the Orangeline Development Authority establishes an infrastructure financing district pursuant to this chapter for the purpose of providing funding for public transit facilities, that city or county may provide some or all of this funding to the Orangeline Development Authority for the purposes of furthering public transit facilities within the jurisdiction of the authority, including facilities related to magnetic levitation.

53395.9. (a) The Salton Sea Authority, a joint powers authority formed by the County of Imperial, the County of Riverside, the Coachella Valley Water District, and the Imperial Irrigation District, may use the provisions of this chapter to form an infrastructure financing district for the purpose of funding the construction of, and purchasing electrical power for, projects for the reclamation and environmental restoration of the Salton Sea. To the extent of any conflict, the provisions of this section shall prevail over any other provision of law. Any district formed pursuant to this section shall be known as "The Salton Sea Infrastructure Financing District."

(b) For purposes of this chapter, the Salton Sea Authority is a "city."

(c) The Salton Sea Infrastructure Financing District may exist for up to 40 years from the date of its formation.

(d) No public funds accruing to the Salton Sea Authority pursuant to this section shall be utilized for purposes of treating or making potable, agricultural tailwaters flowing into the Salton Sea.

The Marks-Roos Local bond Pooling Act of 1985

6584 This article shall be known and may be cited as the Marks-Roos Local Bond Pooling Act of 1985.

6584.5. The Legislature finds and declares all of the following:

(a) That there is a critical need within the state to expand, upgrade, and otherwise improve the public capital facilities of local government necessary to support the rehabilitation and construction of residential and economic development. The needs of local government for financing these facilities greatly exceed the amount of funds available from existing state, local, and federal sources.

(b) That it is the intent of the Legislature to assist in the reduction of local borrowing costs, help accelerate the construction, repair, and maintenance of public capital improvements, and promote greater use of existing and new financial instruments and mechanisms, such as bond pooling by local agencies.

(c) That it is not lawful under this article for an authority or any of its member agencies to charge fees to local agencies or receive payments from the proceeds of the sale of bonds issued or acquired by the authority, except for fees charged pursuant to

subdivision (o) of Section 6588 to recover the authority's costs of issuance and administration.

6585. The definitions in this section shall govern the construction and interpretation of this article.

(a) (1) Except as provided in paragraphs (2) and (3), "authority" means an entity created pursuant to Article 1 (commencing with Section 6500) and includes any successor to the powers and functions of that entity.

(2) In the case of an authority issuing bonds pursuant to this chapter in which VLF receivables, as defined in subdivision (j), are pledged to the payment of the bonds, other than VLF receivables so pledged for a county of the first class, an authority shall consist of not fewer than 100 local agencies.

(3) In the case of an authority issuing bonds pursuant to this chapter in which Proposition 1A receivables, as defined in subdivision (g), are pledged to the payment of the bonds, an authority shall consist of not fewer than 250 local agencies.

(b) "Bond purchase agreement" means a contractual agreement executed between the authority and the local agency whereby the authority agrees to purchase bonds of the local agency.

(c) "Bonds" means all of the following:

(1) Bonds, including, but not limited to, assessment bonds, redevelopment agency bonds, government-issued mortgage bonds, and industrial development bonds.

(2) Notes, including bond, revenue, tax, or grant anticipation notes.

(3) Commercial paper, floating rate and variable maturity securities, and any other evidences of indebtedness.

(4) Certificates of participation or lease-purchase agreements.

(d) “Conservation or reclamation purposes” mean a utility project designed to reduce the amount of potable water to be supplied by a publicly owned utility or reduce the amount of water imported by the publicly owned utility, including without limitation, storm water capture and treatment, water recycling, development of local groundwater resources, groundwater recharging, and water reclamation.

(e) "Cost," as applied to a public capital improvement utility project or portion thereof the improvement or utility project financed under this part, means all of the following:

(1) All or any part of the cost of construction, renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a public capital improvement or a utility project.

(2) The cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved, and the cost of all machinery and equipment.

(3) Finance charges.

(4) Interest prior to, during, and for a period after, completion of that construction, as determined by the authority.

(5) Provisions for working capital, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements.

(6) The cost of architectural, engineering, financial and legal services, plans, specifications, estimates, and administrative expenses.

(7) Other expenses necessary or incident to determining the feasibility of constructing any project or incident to the construction or acquisition or financing of any public capital improvement.

(f) “Customer” means a person or entity receiving water through facilities of a publicly owned utility.

(g) “Financing costs” mean any of the following:

(1) Interest and redemption premiums that are payable on rate reduction bonds.

(2) The cost of retiring the principal of rate reduction bonds, whether at maturity, including acceleration of maturity upon an event of default, or upon redemption, including sinking fund redemption.

(3) A cost related to issuing or servicing rate reduction bonds, including, but not limited to, servicing fees, trustee fees, legal fees, administrative fees, bond counsel fees, bond placement or underwriting fees, remarketing fees, broker dealer fees, independent manager fees, payment under an interest rate swap agreement, financial adviser fees, accounting report fees, engineering report fees, and rating agency fees.

(4) A payment or expense associated with a bond insurance policy, financial guaranty or a contract, agreement, or other credit enhancement for rate reduction bonds or a contract, agreement, or other financial agreement entered into in connection with rate reduction bonds.

(5) The funding of one or more reserve accounts related to rate reduction bonds.

(h) (1) “Financing resolution” means a resolution adopted by the governing body of an authority financing a utility project with rate reduction bonds that establishes and imposes a utility project charge in connection with the rate reduction bonds in accordance with Section 6588.7

(2) A financing resolution may be separate from a resolution authorizing the issuance of the rate reduction bonds.

(i) "Legislative body" means the governing body of a local agency.

(j) "Local agency" means a party to the agreement creating the authority, or an agency or subdivision of that party, sponsoring a project of public capital improvements, or any city, county, city and county, authority, district, or public corporation of this state.

(k) “Mandate” means a requirement, imposed by a mandating entity by any means, including without limitation, a statute, rule, regulation, an administrative or judicial order, a building, operating, or licensing requirement or condition, or an agreement with, or license or permit from, the mandating entity, on a facility of a publicly owned utility or a facility operated in whole or in part for the benefit of a publicly owned utility, or on the operations of the publicly owned utility, or on the water pumped, acquired, or supplied by the publicly owned utility.

(l) (1) “Mandating entity” means the United States; a state of the United States; an agency, department, commission, or other subdivision of the United States or a state of the United States; a court of the United States or a state of the United States; or any other body or organization, that has jurisdiction over the operations of a publicly owned utility; the facility of a publicly owned utility, or a facility operated in whole or in part for the benefit of a publicly owned utility; or the water pumped, acquired or sold by a publicly owned utility.

(2) “Mandating entity” does not include a local agency that owns the publicly owned utility.

(m) "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(n) "Public capital improvements" means one or more projects specified in Section 6546.

(o) “Publicly owned utility” means a utility furnishing water service to not less than 25,000 retail customers that is owned and operated by a local agency or a department or other subdivision of a local agency and includes any successor to the powers and functions of the department or other subdivision.

(p) “Rate reduction bonds” mean bonds that are issued by an authority, the proceeds of which are used directly or indirectly to pay or reimburse a local agency or its publicly owned utility for the payment of the costs of a utility project, and that are secured by a pledge of, and are payable from, utility project property as provided in Section 6588.7.

(q) "Revenue" means income and receipts of the authority from any of the following:

(1) A bond purchase agreement.

(2) Bonds acquired by the authority.

(3) Loans installment sale agreements, and other revenue-producing agreements entered into by the authority.

(4) Projects financed by the authority.

(5) Grants and other sources of income.

(6) VLF receivables purchased pursuant to Section 6588.5.

(7) Proposition 1A receivables purchased pursuant to Section 6588.6.

(8) Interest or other income from any investment of any money in any fund or account established for the payment of principal or interest or premiums on bonds. (r) “Utility project” means the acquisition, construction, installation, retrofitting, rebuilding, or other addition to, or improvement of, any equipment, device, structure, improvement, process, facility, technology, rights or property, located either within, or outside of, the State of California, and that is used, or to be used, in connection with the operations of a publicly owned utility for conservation or reclamation purposes or in response to a mandate.

(s) “Utility project charge” means a charge paid or to be paid by customers of a publicly owned utility to pay financing costs of rate reduction bonds issued to finance a utility project for a publicly owned utility that is imposed pursuant to Section 6588.7, including any adjustment of the charge pursuant to Section 6588.7.

(t) “Utility project property” means the property right created pursuant to Section 6588.7, including without limitation, the right, title, and interest of an authority for any of the following:

(1) In and to the financing resolution and the utility charge established with respect to the rate reduction bonds, as adjusted from time to time in accordance with Section 6588.7.

(2) To be paid the financing costs of the rate reduction bonds and to all revenues, collections, claims, payments, moneys, or proceeds for, or arising from, the utility project charge relating to the rate reduction bonds.

(3) In and to all rights to obtain adjustments to the utility project charge relating to the rate reduction bonds pursuant to Section 6588.7.

(u) "VLF receivable" means the right to payment of moneys due or to become due to a local agency out of funds payable in connection with vehicle license fees to a local agency pursuant to Section 10754.11 of the Revenue and Taxation Code.

(v) "Working capital" means money to be used by, or on behalf of, a local agency for any purpose for which a local agency may borrow money pursuant to Section 53852, or for any purpose for which a VLF receivable or a Proposition 1A receivable sold to an authority could have been used by the local agency.

6586. It is the Legislature's intent that this article be used to assist local agencies in financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits for taking that action. For the purposes of this article, "significant public benefits" means any of the following benefits to the citizens of the local agency:

(a) Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs.

(b) Significant reductions in effective user charges levied by a local agency.

(c) Employment benefits from undertaking the project in a timely fashion.

(d) More efficient delivery of local agency services to residential and commercial development.

6586.5. (a) Notwithstanding Section 6587, an authority, or any entity acting on behalf of or for the benefit of an authority, may not authorize bonds to construct, acquire, or finance a public capital improvement except pursuant to Article 1 (commencing with Section 6500), unless all of the following conditions are satisfied with respect to each capital improvement to be constructed, acquired, or financed:

(1) The authority reasonably expects that the public capital improvement is to be located within the geographic boundaries of one or more local agencies of the authority that is not itself an authority.

(2) A local agency that is not itself an authority, within whose boundaries the public capital improvement is to be located, has approved the financing of the public capital improvement and made a finding of significant public benefit in accordance with the criteria specified in Section 6586 after a public hearing held by that local agency within each county or city and county where the public capital improvement is to be located after notice of the hearing is published once at least five days prior to the hearing in a newspaper of general circulation in each affected county or city and county. If the public capital improvement to be financed will provide infrastructure, services, or a golf course to support, or in conjunction with, any development project, the local agency for purposes of this subdivision shall be the city, county, or city and county with land use jurisdiction over the development project.

(3) A notice is sent by certified mail at least five business days prior to the hearing held pursuant to paragraph (2) to the Attorney General and to the California Debt and Investment Advisory Commission. This notice shall contain all of the following information:

(A) The date, time, and exact location of the hearing.

(B) The name and telephone number of the contact person.

(C) The name of the joint powers authority.

(D) The names of all members of the joint powers authority.

(E) The name, address, and telephone number of the bond counsel.

(F) The name, address, and telephone number of the underwriter.

(G) The name, address, and telephone number of the financial adviser, if any.

(H) The name, address, and telephone number of the legal counsel of the authority.

(I) The prospective location of the public capital improvement described by its street address, including city, county, and ZIP Code, or, if none, by a general description designed to inform readers of its specific location, including both the county and the ZIP Code that covers the specific location.

(J) A general functional description of the type and use of the public capital improvement to be financed.

(K) The maximum aggregate face amount of obligations to be issued with respect to the public capital improvement.

(b) Paragraph (3) of subdivision (a) does not apply to bonds:

(1) Issued pursuant to the Community Redevelopment Law, Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.

(2) To finance transportation facilities and vehicles.

(3) To finance a facility that is located within the boundaries of an authority, provided that the authority that issues those bonds consists of any of the following:

(A) Local agencies with overlapping boundaries.

(B) A county and a local agency or local agencies located entirely within that county.

(C) A city and a local agency or local agencies located entirely within that city.

(4) To finance a facility for which an authority has received an allocation from the California Debt Limit Allocation Committee.

(5) Of an authority that consists of no less than 100 local agencies and the agreement that established that authority requires the governing body of the local agency that is a member of the authority in whose jurisdiction the facility will be located to approve the facility and the issuance of the bonds.

(c) This section and Section 6586.7 do not apply to bonds issued for any of the following purposes:

(1) To finance the undergrounding of utility and communication lines.

(2) To finance, consistent with the provisions of this chapter, facilities for the generation or transmission of electrical energy for public or private uses and all rights, properties, and improvements necessary therefor, including fuel and water facilities and resources.

(3) To finance facilities for the production, storage, transmission, or treatment of water, recycled water, or wastewater.

(4) To finance public school facilities.

(5) To finance public highways located within the jurisdiction of an authority that is authorized to exercise the powers specified in Chapter 5 (commencing with Section 31100) of Division 17 of the Streets and Highways Code, provided that the authority conducts the noticed public hearing and makes the finding of significant public benefit in accordance with this section.

(d) For purposes of this section, a local agency does not include a private entity.

6586.7. (a) A copy of the resolution adopted by an authority authorizing bonds or any issuance of bonds, or accepting the benefit of any bonds or proceeds of bonds, except bonds issued or authorized pursuant to Article 1 (commencing with Section 6500), or bonds issued for the purposes specified in subdivision (c) of Section 6586.5, shall be sent by certified mail to the Attorney General and the California Debt and Investment Advisory Commission not later than five days after adoption by the authority.

(b) This section does not apply to bonds:

(1) Specified in subdivision (c) of Section 6586.5.

(2) Issued pursuant to the Community Redevelopment Law, Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.

(3) To finance transportation facilities and vehicles.

(4) To finance a facility that is located within the boundaries of an authority, provided that the authority that issues those bonds consists of any of the following:

(A) Local agencies with overlapping boundaries.

(B) A county and a local agency or local agencies located entirely within that county.

(C) A city and a local agency or local agencies located entirely within that city.

(5) To finance a facility for which an authority has received an allocation from the California Debt Limit Allocation Committee.

(6) Of an authority that consists of no less than 250 local agencies and the agreement that established that authority requires the governing body of the local agency that is a member of the authority in whose jurisdiction the facility will be located to approve the facility and the issuance of the bonds.

6586.7. (a) A copy of the resolution adopted by an authority authorizing bonds or any issuance of bonds, or accepting the benefit of any bonds or proceeds of bonds, except bonds issued or authorized pursuant to Article 1 (commencing with Section 6500), or bonds issued for the purposes specified in subdivision (c) of Section 6586.5, shall be sent by certified mail to the Attorney General and the California Debt

and Investment Advisory Commission not later than five days after adoption by the authority.

(b) This section does not apply to bonds:

(1) Specified in subdivision (c) of Section 6586.5.

(2) Issued pursuant to the Community Redevelopment Law, Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.

(3) To finance transportation facilities and vehicles.

(4) To finance a facility that is located within the boundaries of an authority, provided that the authority that issues those bonds consists of any of the following:

(A) Local agencies with overlapping boundaries.

(B) A county and a local agency or local agencies located entirely within that county.

(C) A city and a local agency or local agencies located entirely within that city.

(5) To finance a facility for which an authority has received an allocation from the California Debt Limit Allocation Committee.

(6) Of an authority that consists of no less than 100 local agencies and the agreement that established that authority requires the governing body of the local agency that is a member of the authority in whose jurisdiction the facility will be located to approve the facility and the issuance of the bonds.

6587. This article does not limit any other law authorizing, or providing for, the financing of public capital improvements. Likewise, this article does not limit any other law regarding local indebtedness, or limit the exercise of any other power of an authority created pursuant to this chapter. This article shall be deemed to provide a complete and supplemental method for exercising the powers authorized by this article, and shall be deemed as being supplemental to the powers conferred by other applicable laws. The issuance of bonds, financing, or refinancing under this article need not comply with the requirements of any other state laws applicable to the issuance of bonds, including, but not limited to, other articles of this chapter.

6588. In addition to other powers specified in an agreement pursuant to Article 1 (commencing with Section 6500) and Article 2 (commencing with Section 6540), the authority may do any or all of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Sue and be sued in its own name.

(c) Issue bonds, including, at the option of the authority, bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program. In addition, for any purpose for which an authority may execute and deliver or cause to be executed and delivered certificates of participation in a lease or installment sale agreement with any public or private entity, the authority, at

its option, may issue or cause to be issued bonds, rather than certificates of participation, and enter into a loan agreement with the public or private entity.

(d) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this article.

(e) As provided by applicable law, employ and compensate bond counsel, financial consultants, and other advisers determined necessary by the authority in connection with the issuance and sale of any bonds.

(f) Contract for engineering, architectural, accounting, or other services determined necessary by the authority for the successful development of a public capital improvement.

(g) Pay the reasonable costs of consulting engineers, architects, accountants, and construction, land-use, recreation, and environmental experts employed by any sponsor or participant if the authority determines those services are necessary for the successful development of public capital improvements.

(h) Take title to, and sell by installment sale or otherwise, or lease lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands that are located within the state that the authority determines are necessary or convenient for the financing of public capital improvements, or any portion thereof.

(i) Receive and accept from any source, loans, contributions, or grants, in either money, property, labor, or other things of value, for, or in aid of, the construction financing, or refinancing of public capital improvement, or any portion thereof or for the financing of working capital or insurance programs, or for the payment of the principal of and interest on bonds if the proceeds of those bonds are used for one or more of the purposes specified in this section.

(j) Make secured or unsecured loans to any local agency in connection with the financing of capital improvement projects, working capital or insurance programs in accordance with an agreement between the authority and the local agency. However, no loan shall exceed the total cost of the public capital improvements, working capital or insurance needs of the local agency as determined by the local agency and by the authority.

(k) Make secured or unsecured loans to any local agency in accordance with an agreement between the authority and the local agency to refinance indebtedness incurred by the local agency in connection with public capital improvements undertaken and completed.

(l) Mortgage all or any portion of its interest in public capital improvements and the property on which any project is located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible. (m) Assign or pledge all or any portion of its interests in mortgages, deeds of trust, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible, of a local agency to which the authority has made

loans, and the revenues therefrom, including payment or income from any interest owned or held by the authority, for the benefit of the holders of bonds issued to finance public capital improvements. The pledge of moneys, revenues, accounts, contract rights, or rights to payment of any kind made by or to the authority pursuant to the authority granted in this part shall be valid and binding from the time the pledge is made for the benefit of the pledgees and successors thereto, against all parties irrespective of whether the parties have notice of the claim.

(n) Lease the public capital improvements being financed to a local agency, upon terms and conditions that the authority deems proper; charge and collect rents therefor; terminate any lease upon the failure of the lessee to comply with any of the obligations of the lease; include in any lease provisions that the lessee shall have options to renew the lease for a period or periods, and at rents as determined by the authority; purchase or sell by an installment agreement or otherwise any or all of the public capital improvements; or, upon payment of all the indebtedness incurred by the authority for the financing or refinancing of the public capital improvements, the authority may convey any or all of the project to the lessee or lessees.

(o) Charge and apportion to local agencies that benefit from its services the administrative costs and expenses incurred in the exercise of the powers authorized by this article. These fees shall be set at a rate sufficient to recover, but not exceed, the authority' s costs of issuance and administration. The fee charged to each local obligation acquired by the pool shall not exceed that obligation's proportionate share of those costs. The level of these fees shall be disclosed to the California Debt and Investment Advisory Commission pursuant to Section 6599.1.

(p) Issue, obtain, or aid in obtaining, from any department or agency of the United States or of the state, or any private company, any insurance or guarantee to, or for, the payment or repayment of interest or principal, or both, or any part thereof, on any loan, lease, or obligation or any instrument evidencing or securing the same, made or entered into pursuant to this article.

(q) Notwithstanding any other provision of this article, enter into any agreement, contract, or any other instrument with respect to any insurance or guarantee; accept payment in the manner and form as provided therein in the event of default by a local agency; and assign any insurance or guarantee that acts as security for the authority's bonds.

(r) Enter into any agreement or contract, execute any instrument, and perform any act or thing necessary, convenient, or desirable to carry out any power authorized by this article.

(s) Invest any moneys held in reserve or sinking funds, or any moneys not required for immediate use or disbursement, in obligations that are authorized by law for the investment of trust funds.

(t) At the request of affected local agencies, combine and pledge revenues to public capital improvements for repayment of one or more series of bonds issued pursuant to this article.

(u) Delegate to any of its individual parties or other responsible individuals the power to act on its behalf subject to its general direction, guidelines, and oversight.

(v) Purchase, with the proceeds of its bonds or its revenue, bonds issued by any local agency at public or negotiated sale. Bonds purchased pursuant to this subdivision may be held by the authority or sold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other bonds issued by the authority.

(w) Purchase, with the proceeds of its bonds or its revenue, VLF receivables sold to the authority pursuant to Section 6588.5. VLF receivables so purchased may be pledged to the payment of bonds issued by the authority or may be resold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other VLF receivables purchased by the authority.

(x) (1) Purchase, with the proceeds of its bonds or its revenue, Proposition 1A receivables pursuant to Section 6588.6. Proposition 1A receivables so purchased may be pledged to the payment of bonds issued by the authority or may be resold to public or private purchasers at public or negotiated sales, in whole or in part, separately or together with other Proposition 1A receivables purchased by the authority.

(2) (A) All entities subject to a reduction of ad valorem property tax revenues required under Section 100.06 of the Revenue and Taxation Code pursuant to the suspension set forth in Section 100.05 of the Revenue and Taxation Code shall be afforded the opportunity to sell their Proposition 1A receivables to the authority.

(B) If these entities offer Proposition 1A receivables to the authority for purchase and duly authorize the sale of the Proposition 1A receivable pursuant to documentation approved by the authority, the authority shall purchase all Proposition 1A receivables so offered to the extent it can sell bonds therefor. If the authority does not purchase all Proposition 1A receivables offered, it shall purchase a pro rata share of each entity's offered Proposition 1A receivables.

(C) The authority may establish a deadline, no earlier than November 3, 2009, by which these entities shall offer their Proposition 1A receivables for sale to the authority and complete the application required by the authority.

(3) For purposes of meeting costs incurred in performing its duties relative to the purchase and sale of Proposition 1A receivables, the authority shall be authorized to charge a fee to each entity from which it purchases a Proposition 1A receivable. The fee shall be computed based on the percentage value of the Proposition 1A receivable purchased from each entity, in relation to the value of

all Proposition 1A receivables purchased by the authority. The amount of the fee shall be paid from the proceeds of the bonds and shall be included in the principal amount of the bonds.

(4) Terms and conditions of any and all fees and expenses charged by the authority, or those it contracts with, and the terms and conditions of sales of Proposition 1A receivables and bonds issued pursuant to this subdivision, including the terms of optional early redemption provisions, if any, shall be approved by the Treasurer and the Director of Finance, who shall not unreasonably withhold their approval. The aggregate principal amount of all bonds issued pursuant to this subdivision shall not exceed two billion two hundred fifty million dollars ($2,250,000,000), and the rate of interest paid on those bonds shall not exceed 8 percent per annum. The authority shall exercise its best efforts to obtain the lowest cost financing possible. Any and all premium obtained shall be used for either of the following:

(A) Applied to pay the costs of issuance of the bonds.

(B) Deposited in a trust account that is pledged to bondholders and used solely for the payment of interest on, or for repayment of, the bonds.

(5) (A) In connection with any financing backed by Proposition 1A receivables, the Treasurer may retain financial advisors, legal counsel, and other consultants to assist in performing the duties required by this chapter and related to that financing.

(B) Notwithstanding any other provision of law, none of the following shall apply to any agreements entered into by the Treasurer pursuant to subparagraph (A) in connection with any Proposition 1A financing:

(i) Section 11040 of the Government Code.

(ii) Section 10295 of the Public Contract Code.

(iii) Article 3 (commencing with Section 10300) and Article 4 (commencing with Section 10335) of, Chapter 2 of Part 2 of Division 2 of the Public Contract Code, except for the authority of the Department of Finance under Section 10336 of the Public Contract Code to direct a state agency to transmit to it a contract for review, and except for Section 10348.5 of the Public Contract Code.

(C) Any costs incurred by the Treasurer in connection with any Proposition 1A financing shall be reimbursed out of the proceeds of the financing.

(y) Set any other terms and conditions on any purchase or sale pursuant to this section as it deems by resolution to be necessary, appropriate, and in the public interest, in furtherance of the purposes of this article.

6588.5. (a) An authority that was in existence at the time of the enactment of this section may purchase, with the proceeds of its bonds or its revenue, VLF receivables from one or more local agencies. The authority may pledge, assign, resell or otherwise

transfer or hypothecate any VLF receivables for the purpose of securing bonds issued to finance the purchase price of the VLF receivables.

(b) Notwithstanding any other provision of law, local agencies may sell VLF receivables to the authority, at one time or from time to time, and to enter into one or more sales agreements with an authority as and on the terms the local agency deems appropriate. The sales agreement may include covenants of, and binding on, the local agency necessary to establish and maintain the security of bonds issued by the authority for the purpose of purchasing the VLF receivables and, if applicable, the exclusion from gross income of interest on the bonds for federal income tax purposes. Any transfer of some or all of a VLF receivable by a local agency to the authority under this article that the governing documents state is a sale shall be treated as an absolute sale and transfer of the property so transferred to the authority and not as a pledge or grant of a security interest by the local agency to secure a borrowing. The characterization of the transfer of any VLF receivable as an absolute sale by the local agency shall not be negated or adversely affected by any of the following:

(1) The fact that only a portion of the VLF receivable is transferred.

(2) By the local agency's acquisition of an ownership interest in any residual interest or a subordinate interest in the VLF receivable.

(3) By any characterization of the authority or its bonds for purposes of accounting, taxation, or securities regulation.

(4) By any other factor.

(c) On and after the effective date of each transfer of a VLF receivable under this article that the governing documents state is a sale, the local agency shall have no right, title, or interest in or to the VLF receivable transferred, and the VLF receivable so transferred shall be the property of the authority and not of the local agency, and shall be owned, received, held, and disbursed only by the authority or any trustee or agent of the authority appointed by the authority. Any sale of some or all of any VLF receivable shall automatically be perfected without the need for physical delivery, recordation, filing, or further act, and the provisions of Division 9 (commencing with Section 9101) of the Commercial Code and Sections 954.5 to 955.1, inclusive, of the Civil Code shall not apply to the sale. None of the VLF receivables sold by the local agency pursuant to this article shall be subject to garnishment, levy, execution, attachment, or other process, writ, including, but not limited to, a writ of mandate, or remedy in connection with the assertion or enforcement of any debt, claim, settlement, or judgment against the local agency. On or before the effective date of any sale of a VLF receivable, the local agency shall notify the Controller that the VLF receivable has been sold to the authority and irrevocably instruct the payor that, as of the effective date, payments on the VLF receivable so sold are to be made directly to the authority or any trustee or agent appointed by the authority.

(d) The state hereby covenants, for the benefit of the holders of any bonds issued by the authority pursuant to this article payable from VLF receivables purchased by the authority, that it will not take any action that would materially adversely affect the interest of the holders of these bonds or otherwise impair the security of these bonds, so long as any of these bonds remain outstanding.

6588.6. (a) An authority that was in existence on July 28, 2009, may purchase, with the proceeds of its bonds or its revenue, Proposition 1A receivables from one or more local agencies. The authority may pledge, assign, resell, or otherwise transfer or hypothecate any Proposition 1A receivables for the purpose of securing bonds issued to finance the purchase price of the Proposition 1A receivables.

(b) Notwithstanding any other law, local agencies may sell Proposition 1A receivables to the authority and enter into one or more sales agreements with an authority as, and on the terms, the local agency deems appropriate. The sales agreement may include covenants of, and binding on, the local agency as necessary to establish and maintain the security of bonds issued by the authority for the purpose of purchasing the Proposition 1A receivables and, if applicable, the exclusion from gross income of interest on the bonds for federal income tax purposes. Any transfer of some or all of a Proposition 1A receivable by a local agency to the authority under this article that the governing documents state is a sale shall be treated as an absolute sale and transfer of the property so transferred to the authority and not as a pledge or grant of a security interest by the local agency to secure a borrowing. The characterization of the transfer of any Proposition 1A receivable as an absolute sale by the local agency shall not be negated or adversely affected by any of the following:

(1) The fact that only a portion of the Proposition 1A receivable is transferred.

(2) By the local agency's acquisition of an ownership interest in any residual interest or a subordinate interest in the Proposition 1A receivable.

(3) By any characterization of the authority or its bonds for purposes of accounting, taxation, or securities regulation.

(4) By any other factor.

(c) On and after the effective date of each transfer of a Proposition 1A receivable under this article that the governing documents state is a sale, the local agency shall have no right, title, or interest in or to the Proposition 1A receivable transferred, and the Proposition 1A receivable so transferred shall be the property of the authority and not of the local agency, and shall be owned, received, held, and disbursed only by the authority or any trustee or agent of the authority appointed by the authority. Any sale of some or all of any Proposition 1A receivable shall automatically be perfected without the need for physical delivery, recordation, filing, or further act, and the provisions of Division 9 (commencing with Section 9101) of the Commercial Code and Sections 954.5 to 955.1, inclusive, of the Civil Code shall not apply to the sale. None of the Proposition 1A receivables sold by the local agency pursuant to this article shall be subject to garnishment, levy, execution, attachment, or other process,

writ, including, but not limited to, a writ of mandate, or remedy in connection with the assertion or enforcement of any debt, claim, settlement, or judgment against the local agency. On or before the effective date of any sale of a Proposition 1A receivable, the local agency shall notify the Controller that the Proposition 1A receivable has been sold to the authority and irrevocably instruct the payer that, as of the effective date, payments on the Proposition 1A receivable so sold are to be made directly to the authority or any trustee or agent appointed by the authority.

(d) The state hereby covenants, for the benefit of the holders of any bonds issued by the authority pursuant to this article payable from Proposition 1A receivables purchased by the authority, that it will not take any action that would materially adversely affect the interest of the holders of these bonds or otherwise impair the security of these bonds, so long as any of these bonds remain outstanding.

(e) (1) On or before September 15, 2009, each county auditor shall prepare a list of each taxing agency within the county containing the name of the taxing agency and the estimated amount of the Proposition 1A receivable for each taxing agency.

(2) On or before October 30, 2009, each county auditor shall prepare a list of each taxing agency within the county containing the name of the taxing agency and the final certified amount of the Proposition 1A receivable for each taxing agency.

(3) A list prepared pursuant to paragraph (1) or (2) shall be made available to the authority, the Department of Finance, or any taxing agency upon request.

(4) The authority and the holders of the authority's bonds issued to finance Proposition 1A receivables shall be entitled to rely on the certified list prepared pursuant to paragraph (2).

6588.7.

(a) An authority whose financing activities are limited to financing utility projects and projects for the use or benefit of public water agencies may finance utility projects as provided in this section, including the issuance of rate reduction bonds and the imposition and adjustment of utility project charges.

(b) (1) A local agency that owns and operates a publicly owned utility may apply to an authority specified in subdivision (a) to finance costs of a utility project for the publicly owned utility with the proceeds of rate reduction bonds if at the time of application, bonds payable from revenues of the publicly owned utility are, or upon issuance would be, rated investment grade by a nationally recognized rating agency. In its application to an authority for the financing, the local agency shall specify the utility project to be financed by the rate reduction bonds, the maximum principal amount, the maximum interest rate, and the maximum stated terms of the rate reduction bonds.

(2) In order to allow the state to review the issuance of rate reduction bonds, collect data, ensure transparency, and conduct an independent analysis of the

effectiveness of the use of rate reduction bonds pursuant to this section, the California Pollution Control Financing Authority, as defined in Section 44504 of the Health and Safety Code, shall review each issue of bonds and shall determine whether the issue is qualified for issuance under the provisions of this section. The California Pollution Control Financing Authority shall determine that an issue of rate reduction bonds is qualified for issuance under this section, if the issuance satisfies all of the following:

(A) The issuance meets the criteria specified in paragraphs (1) to (3), inclusive, of subdivision (c).

(B) The projected financing costs, as defined in subdivision (g) of Section 6585, fall within the normal range of financing costs for comparable types of debt issuance.

(3) The California Pollution Control Financing Authority shall establish procedures for the expeditious review of a proposed issuance pursuant to this section, including, but not limited to, the establishment of reasonable application fees to reimburse the California Pollution Control Financing Authority for costs incurred in administering this section.

(4) The California Pollution Control Financing Authority shall provide an explanation in writing for any refusal to qualify a proposed issuance but may not alter or modify any term or condition related to the utility project property.

(5) The California Pollution Control Financing Authority shall take action on any completed application submitted to it pursuant to this section no later than the next meeting of the California Pollution Control Financing Authority that occurs after at least 60 days following receipt of the application.

(6) The review and qualification pursuant to this section may be concurrent with an authority's processing of an application for financing so as to allow for the issuance of rate reduction bonds as quickly as feasible.

(7) Notwithstanding any other provision of law, the California Pollution Control Financing Authority may adopt regulations relating to this section as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3. For purposes of Chapter 3.5 (commencing with Section 11340), including Section 11349.6, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(8) Annually no later than March 31, the California Pollution Control Financing Authority shall submit to the Legislature a report of its activities pursuant to this section for the preceding calendar year ended December 31. The California Pollution Control Financing Authority shall require information from applicants to ensure that the necessary data is available to complete this report. The report may be submitted as a part of the report required pursuant to Section 44538 of the Health and Safety Code. The report shall include all of the following:

(A) A listing of applications received.

(B) A listing of proposed issuances qualified under the provisions of this section.

(C) A report of bonds sold, the interest rates on the bonds, whether the bond sales were pursuant to public bid or were negotiated, and any rating given the bonds by a nationally recognized securities rating organization.

(D) A specification of proposed issuances qualified but not yet issued.

(E) A comparison of the interest rates and transactional costs on issuances qualified under this section with interest rates on comparable types of debt issuance occurring at or near the same time as the issuances.

(9) (A) The requirement for submitting a report imposed under paragraph (8) is inoperative on December 31, 2020.

(B) A report to be submitted pursuant to paragraph (8) shall be submitted in compliance with Section 9795.

(c) A local agency shall not apply to an authority for financing of a utility project pursuant to this section unless the legislative body of the local agency has determined all of the following:

(1) The project to be financed is a utility project.

(2) The local agency is electing to finance costs of the utility project pursuant to this section and the financing costs associated with the financing are to be paid from utility project property, including the utility project charge for the rate reduction bonds issued for the utility project in accordance with this section.

(3) Based on information available to, and projections used by, the legislative body, the rates of the publicly owned utility plus the utility project charge resulting from the financing of the utility project with rate reduction bonds are expected to be lower than the rates of the publicly owned utility if the utility project was financed with bonds payable from revenues of the publicly owned utility.

(d) (1) Subject to the requirements of Article XIII D of the California Constitution, an authority financing the costs of a utility project or projects for a local agency's publicly owned utility with rate reduction bonds is authorized and directed to impose and collect a utility project charge with respect to the rate reduction bonds as provided in this section. The imposition of the utility project charge shall be made and evidenced by the adoption of a financing resolution by the governing body of the authority. The financing resolution with respect to financing a utility project or project with rate reduction bonds for a publicly owned utility shall include all of the following:

(A) The addition of a separate charge to the bill of each customer of the publicly owned utility in the class or classes of customers specified in the financing resolution.

(B) A description of the financial calculation, formula, or other method that the authority is to use to determine the utility project charge. The calculation, formula or other method shall include a periodic adjustment method to the then current utility project charge, to be applied at least annually, that shall be utilized by the authority to correct for any overcollection or undercollection of financing costs from the utility project charge or any other adjustment necessary to ensure timely payment of the financing costs of the rate reduction bonds, including, but not limited to, the adjustment of the utility project charge to pay any debt service coverage requirement for the rate reduction bonds. The financial calculation, formula, or other method, including the periodic adjustment method, established in the financing resolution pursuant to this section, and the allocation of utility project charges to, and among, customers of the publicly owned utility shall be decided solely by the governing body of the authority and shall be final and conclusive. In no event shall the periodic adjustment method established in the financing resolution be applied less frequently than required by the financing resolution and the documents relating to the applicable rate reduction bonds. Once the financial calculation, formula, or other method for determining the utility project charge, and the periodic adjustment method, have been established in the financing resolution and have become final and conclusive as provided in this section, they shall not be changed.

(C) Notwithstanding any other provision of this section, in no event shall a utility project charge exceed the maximum rate permitted under Article XIII D of the California Constitution.

(D) A requirement that the authority enter into a servicing agreement for the collection of the utility project charge with the local agency for which the financing is undertaken or its publicly owned utility and the local agency or its publicly owned utility shall act as a servicing agent for purposes of collecting the utility project charge as long as the servicing agreement remains in effect. Moneys collected by the local agency or its publicly owned utility, acting as a servicing agent on behalf of the authority, as a utility project charge shall be held in trust for the exclusive benefit of the persons entitled to the financing costs to be paid, directly or indirectly, from the utility project charge and shall not lose their character as revenues of the authority by virtue of possession by the local agency or its publicly owned utility. The local agency or its publicly owned utility shall provide the authority with the information as to estimated sales of water and any other information concerning the publicly owned utility required by the authority in connection with the initial establishment and the adjustment of the utility project charge.

(2) The determination of the legislative body of the local agency that a project to be financed with rate reduction bonds is a utility project shall be final and conclusive and the rate reduction bonds issued to finance the utility project and the utility project charge imposed relating to the rate reduction bonds shall be valid and enforceable in accordance with the terms of the financing resolution and the

documents relating to the rate reduction bonds. The authority shall require, in its financing resolution with respect to a utility project charge, that as long as a customer in the class or classes of customers specified in the financing resolution receive water through the facilities of the publicly owned utility, the customer shall pay the utility project charge regardless of whether or not the customer has an agreement to purchase water from a person or entity other than the publicly owned utility. The utility project charge shall be a nonbypassable charge to all customers of the publicly owned utility in the class or classes of customers specified in the financing resolution at the time of adoption of the financing resolution and all future customers in that class or classes. If a customer of the publicly owned utility that is subject to a utility project charge enters into an agreement to purchase water from a person or entity other than the publicly owned utility, the customer shall remain liable for the payment of its share of the utility project charge as if it had not entered into the agreement. The liability may be discharged by the continued payment of its share of the utility project charge as it accrues or by a one-time payment, as determined by the authority. All provisions of a financing resolution adopted pursuant to this subdivision shall be binding on the authority.

(3) The timely and complete payment of all utility project charges by a person liable for the charges shall be a condition of receiving water service from the publicly owned utility of the local agency and each of the local agencies and their publicly owned utilities is authorized to use its established collection policies and all rights and remedies provided by law to enforce payment and collection of the utility project charge. In no event shall a person liable for a utility project charge be entitled or authorized to withhold payment, in whole or in part, of the utility project charge for any reason.

(4) The authority shall determine whether adjustments to the utility project charge relating to rate reduction bonds are required upon the issuance of the rate reduction bonds and at least annually, and at additional intervals as may be provided for in the financing resolution or the documents relating to the rate reduction bonds. Each adjustment shall be made and put into effect in accordance with the financial calculation, formula, or other method that the authority is to use to determine the utility project charge pursuant to the financing resolution expeditiously after the authority's determination that the adjustment is required.

(5) All revenues with respect to utility project property related to rate reduction bonds, including payments of the utility project charge, shall be applied first to the payment of the financing costs of the related rate reduction bonds then due, including the funding of reserves for the rate reduction bonds, with any excess being applied as determined by the authority for the benefit of the utility for which the rate reduction bonds were issued.

(6) The authority shall be obligated to impose and collect the utility project charge relating to rate reduction bonds in amounts, based on estimates of water usage

subject to the utility project charge, sufficient to pay on a timely basis the financing costs associated with the rate reduction bonds when due. The pledge of a utility project charge to secure the payment of rate reduction bonds shall be irrevocable, and the State of California, the authority, or any limited liability company acting pursuant to subdivision (i) shall not reduce, impair, or otherwise adjust the utility project charge, except that the authority shall implement the periodic adjustments to the utility project charge relating to rate reduction bonds as required by the applicable financing resolution and the documents relating to the rate reduction bonds. Revenue from a utility project charge shall be deemed special revenue of the authority and shall not constitute revenue of the local agency or its publicly owned utility for any purpose, including without limitation, any dedication, commitment, or pledge of revenue, receipts, or other income that the local agency or its publicly owned utility has made or will make for the security of any of its obligations.

(7) A utility project charge shall constitute a utility project property when, and to the extent that, a financing resolution authorizing the utility project charge has become effective in accordance with its terms, and the utility project property shall thereafter continuously exist as property for all purposes with all of the rights and privileges of this section for the period, and to the extent, provided in the financing resolution, but in any event until all financing costs with respect to the related rate reduction bonds are paid in full, including all arrearages thereon.

(8) Utility project property shall constitute a current property right notwithstanding that the value of the property right will depend on consumers using water or, in those instances where consumers are customers of the publicly owned utility, the publicly owned utility performing certain services.

(9) In the event a local agency for which rate reduction bonds have been issued and remain outstanding ceases to operate a water utility, either directly or through its publicly owned utility, references in this section to the local agency or to its publicly owned utility shall be to the entity providing water utility services in lieu of the local agency and the entity shall assume and perform all obligations of the local agency and its publicly owned utility required by this section and the servicing agreement with the local agency while the rate reduction bonds remain outstanding.

(e) (1) Rate reduction bonds shall be within the parameters of the financing set forth by the local agency pursuant to subdivision (b) in connection with the rate reduction bonds and the proceeds of the rate reduction bonds made available to the local agency or its publicly owned utility shall be utilized for the utility project identified in the application for financing of the utility project or projects pursuant to subdivision (b).

(2) An authority shall authorize the issuance of rate reduction bonds by a resolution of its governing body. An authority issuing rate reduction bonds shall include in its preliminary notice and final report for the rate reduction bonds submitted to the

California Debt and Investment Advisory Commission pursuant to Section 8855 a statement that the rate reduction bonds are being issued pursuant to this section. An authority issuing rate reduction bonds shall include in its final report for the rate reduction bonds submitted to the California Debt and Investment Advisory Commission pursuant to Section 8855 the savings realized by issuing the rate reduction bonds rather than bonds payable from the revenues of the publicly owned utility for whose benefit the rate reduction bonds were issued. Rate reduction bonds shall be nonrecourse to the credit or any assets of the local agency and the publicly owned utility for which the utility project is financed and shall be payable from, and secured by a pledge of, the utility project property relating to the rate reduction bonds and any additional security or credit enhancement specified in the documents relating to the rate reduction bonds.

(3) An authority issuing rate reduction bonds shall pledge the utility project property relating to the rate reduction bonds as security for the payment of the rate reduction bonds, which pledge shall be made pursuant to, and with the effect set forth in Section 5451 of the Government Code. All rights of an authority with respect to utility project property pledged as security for the payment of rate reduction bonds shall be for the benefit of, and enforceable by, the beneficiaries of the pledge to the extent provided in the documents relating to the rate reduction bonds.

(4) To the extent that any interest in utility project property is pledged as security for the payment of rate reduction bonds, the applicable local agency or its publicly owned utility shall contract with the authority, which contract shall be part of the utility project property, that the local agency or its publicly owned utility will continue to operate its publicly owned utility system that includes the financed utility project to provide service to its customers, will, as servicer, collect amounts in respect of the utility project charge for the benefit and account of the authority and the beneficiaries of the pledge of the utility project charge and will account for and remit these amounts to, or for the account of, the authority.

(5) Notwithstanding any other law, any requirement under this section, a financing resolution, any other resolution of the authority, or the provisions of the documents relating to rate reduction bonds to the effect that the authority shall take action with respect to the utility project property relating to the rate reduction bonds shall be binding upon the authority, as its governing body may be constituted from time to time, and the authority shall have no power or right to rescind, alter, or amend any resolution or document containing the requirement.

(6) Notwithstanding any law, except as otherwise provided in this section with respect to adjustments to a utility project charge, the recovery of the financing costs for the rate reduction bonds from the utility project charge shall be irrevocable and the authority shall not have the power either by rescinding, altering, or amending the applicable financing resolution or otherwise, to revalue or revise for ratemaking purposes the financing costs of rate reduction bonds, determine that the financing costs for the related rate reduction bonds or the

utility project charge is unjust or unreasonable, or in any way reduce or impair the value of utility project property that includes the utility project charge, either directly or indirectly; nor shall the amount of revenues arising with respect to the financing costs for the related rate reduction bonds or the utility project charge be subject to reduction, impairment, postponement, or termination for any reason until all financing costs to be paid from the utility project charge are fully met and discharged. Except as otherwise provided in this section with respect to adjustments to a utility project charge, the State of California does hereby pledge and agree with the owners of rate reduction bonds that the State of California shall neither limit nor alter the financing costs or the utility project property, including the utility project charge, relating to the rate reduction bonds, or any rights in, to or under, the utility project property until all financing costs with respect to the rate reduction bonds are fully met and discharged. This section does not preclude limitation or alteration if and when adequate provision shall be made by law for the protection of the owners. The authority is authorized to include this pledge and undertaking by the State of California in the governing documents for rate reduction bonds. Notwithstanding any other provision of this section, the authority shall make the adjustments to the utility project charge relating to rate reduction bonds provided by this section and the documents related to those rate reduction bonds as may be necessary to ensure timely payment of all financing costs with respect to the rate reduction bonds. The adjustments shall not impose the utility project charge upon classes of customers which were not subject to the utility project charge pursuant to the financing resolution imposing the utility project charge.

(f) (1) Financing costs in connection with rate reduction bonds do not constitute a debt or liability of the State of California or of any political subdivision thereof, other than the special obligation of the authority, and do not constitute a pledge of the full faith and credit of the State of California or any of its political subdivisions, including the authority, but are payable solely from the funds provided therefor under this section and in the documents relating to the rate reduction bonds. This subdivision shall in no way preclude guarantees or credit enhancements in connection with rate reduction bonds. All the rate reduction bonds shall contain on the face thereof a statement to the following effect:

Neither the full faith and credit nor the taxing power of the State of California or any political subdivision thereof is pledged to the payment of the principal of, or interest on, this bond.

(2) The issuance of rate reduction bonds shall not directly, indirectly, or contingently obligate the State of California or any political subdivision thereof to levy or to pledge any form of taxation to pay the rate reduction bonds or to make any appropriation for their payment.

(g) (1) Utility project property shall constitute property for all purposes, including for contracts securing rate reduction bonds, whether or not the revenues and proceeds arising with respect thereto have accrued.

(2) Subject to the terms of the pledge document with respect to a pledge of utility project property, the validity and relative priority of a pledge created or authorized under this section is not defeated or adversely affected by the commingling of revenues arising with respect to the utility project property with other funds of the local agency or the publicly owned utility collecting a utility project charge on behalf of an authority.

(h) (1) There shall exist a statutory lien on the utility project property relating to rate reduction bonds. Upon the effective date of the financing resolution relating to rate reduction bonds, there shall exist a first priority statutory lien on all utility project property, then existing or, thereafter arising, to secure the payment of the rate reduction bonds. This lien shall arise pursuant to law by operation of this section automatically without any action on the part of the authority, the local agency or its publicly owned utility, or any other person. This lien shall secure the payment of all financing costs, then existing or subsequently arising, to the holders of the rate reduction bonds, the trustee or representative for the holders of the rate reduction bonds, and any other entity specified in the financing resolution or the documents relating to the rate reduction bonds. This lien shall attach to the utility project property regardless of who shall own, or shall subsequently be determined to own, the utility project property including any local agency or its publicly owned utility, the authority, or any other person. This lien shall be valid and enforceable against the owner of the utility project property and all third parties upon the effectiveness of the financing resolution without any further public notice.

(2) The statutory lien on utility project property created by this section is a continuously perfected lien on all revenues and proceeds arising with respect thereto, whether or not the revenues or proceeds have accrued. Utility project property shall constitute property for all purposes, including for contracts securing rate reduction bonds, whether or not the revenues or proceeds arising with respect thereto have accrued.

(3) In addition, the authority may require, in a financing resolution creating utility project property, that, in the event of default by the local agency or its publicly owned utility, in payment of revenues arising with respect to the utility project property, the authority, upon the application by the beneficiaries of the statutory lien, and without limiting any other remedies available to the beneficiaries by reason of the default, shall order the sequestration and payment to the beneficiaries of revenues arising with respect to the utility project property.

(i) Notwithstanding any other law, an authority that has financed a utility project through the issuance of rate reduction bonds is not authorized, and no governmental officer or organization shall be empowered to authorize the authority, to become a debtor in a case under the United States Bankruptcy Code (11 U.S.C. Sec. 1 et seq.) or to become the subject of any similar case or proceeding under any other law, whether federal or State of California, as long as

any payment obligation from utility project property remains with respect to the rate reduction bonds.

(j) An authority may elect to effect a financing of a utility project pursuant to this section through a single member limited liability company formed by the authority by authorizing the company to adopt the financing resolution and the authority's issuing rate reduction bonds payable from, and secured by a pledge of, amounts paid by the company to the authority from the applicable utility project property pursuant to an agreement. The provisions of subdivisions (g) and (h) shall apply to and be the exclusive method of perfecting a pledge of utility project property by the company securing the payment of financing costs under any agreement of the company in connection with the issuance of rate reduction bonds. Reference to the authority in this section and in all related defined terms shall mean or include the company as necessary to implement this subdivision.

(k) After December 31, 2020, the authority to issue rate reduction bonds under this section terminates.

(Added by Stats. 2013, Ch. 636, Sec. 2. Effective January 1, 2014.)

6589. An authority may enter into a bond purchase agreement with a local agency or agencies. The bond purchase agreement shall specify the maximum rate of interest, the cost of issuance, the amount of required reserve, and the procedure to be used in case of default. Notwithstanding any other provision of law, local agencies may sell their bonds to the authority on a negotiated basis without compliance with any public sale requirement included in the statutes under which the bonds are issued.

6590. The authority may, from time to time, issue its bonds in the principal amount as the authority determines necessary to provide sufficient funds for its purposes, which may include, but shall not be limited to, providing funds for bond purchase agreements, payment of the purchase price of VLF receivables, payment of the purchase price of Proposition 1A receivables, financing utility projects, payment of interest on bonds of the authority, establishment of reserves to secure the bonds, and other expenditures of the authority incident to issuance of the bonds. The authority may also issue bonds for the purpose of making loans to local agencies, to the extent those local agencies are authorized by law to borrow moneys, or to purchase VLF receivables from local agencies as provided in Section 6588.5, or to purchase Proposition 1A receivables as provided in Section 6588.6, and the loan or sale proceeds shall be used by the local agencies to pay for public capital improvements, working capital, or insurance programs. The aggregate principal amount of all bonds issued pursuant to this section that are backed by Proposition 1A receivables shall not exceed two billion two hundred fifty million dollars ($2,250,000,000), and that issuance shall be approved by the Department of Finance and the Treasurer.

In the case of any authority in existence on January 1, 1988, no loans shall be made to local agencies for working capital or insurance, unless that purpose is first approved by

resolution of the governing body of the authority by unanimous vote of all members of the governing body.

6590.1. (a) In the case of bonds issued by an authority to acquire local obligations, the offering documents for the bonds shall clearly delineate investment criteria for the local obligations to be acquired. The investment criteria shall specify the types of local obligations eligible for acquisition by the authority, as well as minimum standards of creditworthiness for these obligations.

(b) No financial advisor, investment advisor, underwriter, broker, dealer, or municipal securities dealer shall recommend the purchase, sale, or exchange of a municipal security to an authority unless that financial advisor, investment advisor, underwriter, broker, dealer, or municipal securities dealer has reasonable grounds to believe and does believe that the recommendation is suitable for the authority in light of the authority's investment criteria and responsibility to safeguard public funds.

(c) In the case of bonds issued by an authority to acquire local obligations, the underwriter of the bonds, and the financial advisor and investment advisor to the authority, shall not sell to the authority any security or obligation issued by a state or local government from its dealer inventory or that it underwrote or otherwise placed on behalf of another client.

6590.2. (a) An authority shall solicit at least three bids, and select the highest bid, for any guaranteed investment contract purchased with the proceeds of bonds issued by the authority.

(b) (1) Any government securities broker or dealer that sells government securities to an authority shall certify that the purchase price of those securities is equal to the fair market value of those securities.

(2) For purposes of this subdivision, "fair market value" means the price a willing buyer would pay to a willing seller in an arms' length transaction.

6591. (a) The authority is authorized from time to time to issue bonds to provide funds to achieve its purposes.

(b) Bonds may be authorized to finance any of the following:

(1) A single public capital improvement, utility projects, working capital, purchase of VLF receivables, purchase of Proposition 1A receivables, or insurance program for a single local agency.

(2) A series of public capital improvements, utility projects, working capital, purchases of VLF receivables, purchase of Proposition 1A receivables, or insurance program for a single local agency.

(3) A single public capital improvement, utility projects, working capital, purchases of Proposition 1A receivables, or purchases of VLF receivables or insurance program for two or more local agencies.

(4) A series of public capital improvements, utlity projects, working capital, purchases of VLF receivables or purchases of Proposition 1A receivables or insurance programs for two or more local agencies.

(c) Bonds issued for the purpose of financing working capital shall be used to make loans to local agencies for any of the purposes for which a local agency may borrow money pursuant to Section 53852. The loans shall be repaid in accordance with the terms of Section 53854.

(d) Except as otherwise expressly provided by the authority, every issue of its bonds shall be general obligations of the authority payable from any revenues or moneys of the authority available therefor and not otherwise pledged. These revenues or moneys may include the proceeds of additional bonds, subject only to any agreements with the holders of particular bonds pledging any particular revenues or moneys. Notwithstanding that the bonds may be payable from a special fund, these bonds shall be deemed to be negotiable instruments for all purposes, subject only to the bond registration provisions.

(e) (1) The bonds may be issued as serial bonds or as term bonds, or the authority may issue bonds of both types. The bonds shall be authorized by resolution of the authority and shall, as provided by the resolution or indenture pursuant to which the bonds are issued, meet all of the following conditions:

(A) Bear the date of issuance.

(B) Bear the time of maturity, not exceeding 50 years from their date of issuance.

(C) Bear the rate of interest, either fixed or variable, and, if variable, not in excess of the maximum rate of interest specified therein.

(D) Be payable as to principal and interest at the time or times provided.

(E) Be in the denominations and in the form provided.

(F) Carry the registration privileges provided.

(G) Be executed in the manner provided.

(H) Be payable in lawful money of the United States at the place or places provided within or without the state.

(I) Be subject to the terms of redemption provided.

(2) Notwithstanding paragraph (1), the bonds backed by Proposition 1A receivables shall have a maturity date no later than August 1, 2013.

(3) For bonds backed by Proposition 1A receivables, both of the following shall apply:

(A) The option to call shall be exercised upon receipt by the authority of a timely written notification from the Director of Finance, but no earlier than 30 days after delivery by the director of a written notice of the intent to do so to the Joint Legislative Budget Committee.

(B) The bonds may bear interest payable on periodic interest payment dates or may accrue interest to their maturity date or any combination thereof, subject to the approval of the Department of Finance and the State Treasurer pursuant to subdivision (x) of Section 6588.

(f) The bonds shall be sold by the authority at the time and in the manner set out in the authority's resolution. The sale may be a public or private sale, and for price or prices, and on terms and conditions as the authority determines proper, after giving due consideration to the recommendations of any local agency to be assisted from the proceeds of the bonds. Pending preparation of the definitive bonds, the authority may issue interim receipts, certificates, or temporary bonds which shall be exchanged for definitive bonds. For bonds backed by Proposition 1A receivables, the authority shall use its best efforts to obtain the lowest overall cost of the bonds, and shall certify that it so used its best efforts. The authority shall, in consultation with the Treasurer and Department of Finance, structure the sale of the bonds backed by Proposition 1A receivables and shall include those terms and conditions approved by the Treasurer and the Department of Finance.

(g) In the case of bonds issued by an authority, on or after January 1, 1995, for the purpose of purchasing bonds of a local agency, all of the bonds of the local agency shall be purchased by the authority from the proceeds of the authority bonds within 90 days of the date of issuance of the authority bonds. Nothing in this subdivision shall be construed to preclude an authority from issuing parity bonds at any time.

6591.1. (a) No broker, dealer, municipal securities dealer, or other firm that underwrites a bond issue of an authority shall serve as financial advisor or investment advisor to the authority on decisions relating to the investment of the proceeds of that bond issue.

(b) An authority and its financial advisor shall enter into a written contract prior to the delivery of financial advisory services. The contract shall specify the range of services that will be delivered and the entire compensation to be paid to the financial advisor.

6592. Any resolution authorizing any bonds or any issue of bonds may contain the following provisions, which shall be a part of the contract with the holders of the bonds to be authorized:

(a) Provisions pledging the full faith and credit of the authority, or pledging all or any part of the revenues of any public capital improvements, or any revenue-producing contract or contracts made by the authority with any local agency, any VLF receivables purchased pursuant to Section 6588.5, any utility project property, any Proposition 1A receivables purchased pursuant to Section 6588.6, or any other moneys of the authority, to secure the payment of the bonds, and of any special account, subject to those agreements with bondholders as may then exist.

(b) Provisions setting out the rentals, fees, purchase payments, loan repayments, and other charges, and the amounts to be raised in each year thereby, and the use and disposition of the revenues.

(c) Provisions setting aside reserves or sinking funds, and the regulation and disposition thereof.

(d) Limitations on the right of the authority or its agent to restrict and regulate the use of the public capital improvements to be financed out of the proceeds of the bonds or any particular issue of bonds.

(e) Limitations on the purpose to which the proceeds of sale of any issue of bonds may be applied, and pledging the proceeds to secure the payment of the bonds or any issue of the bonds.

(f) Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds.

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds and the holders thereof that are required to give consent thereto, and the manner in which the consent may be given.

(h) Limitations on expenditures for operating, administrative, or other expenses of the authority.

(i) Definitions of acts or omissions to act which constitute a default in the duties of the authority to holders of its obligations, and providing the rights and remedies of the holders in the event of a default.

(j) The mortgaging of any public capital improvements and the site thereof for the purpose of securing the bondholders.

(k) The mortgaging of land, improvements, or other assets owned by a local agency for the purpose of securing the bondholders.

(l) Procedures for the selection of public capital improvements to be financed with the proceeds of the bonds authorized by the resolution, if the bonds are to be sold in advance of designating the public capital improvements and the local agency to receive the financing.

6592.1. A resolution authorizing bonds or any issuance of bonds or accepting the benefit of any bonds or the proceeds of bonds shall be adopted by an authority only during a regular meeting held pursuant to Section 54954.

6592.5. (a) No bonds issued by any local agency shall be purchased pursuant to this article by an authority at a price to yield in excess of 1 percent of the yield of the issue of bonds issued by the authority to purchase the bonds of the local agency. For the purposes of this subdivision, yield is determined on the issue date of the bonds.

(b) At least 95 percent of the receipts by an authority from bonds of a local agency purchased by the authority after January 1, 1995, shall be used for any of the following:

(1) To pay principal, interest, redemption prices or fees for credit enhancement on the issue of bonds of the authority used to acquire those bonds of the local agency.

(2) To pay or reimburse administrative costs of the bonds of the authority used to acquire those bonds of the local agency.

(3) To pay or reimburse a local agency for principal, interest, or redemption price on bonds of that local agency.

(4) To establish reasonable reserves for the payment of debt service on authority bonds.

(5) To purchase other bonds of a local agency.

(6) To pay or reimburse fees and expenses charged to the authority by third parties, excluding any member of the authority, for services relating to administration of the authority's bonds or of the program established by the authority for purchase of local agency bonds.

(c) For the purposes of this section, the following definitions shall apply:

(1) "Administrative costs" means, and is limited to, costs of issuing, carrying, or repaying the authority bonds.

(2) "Credit enhancement" means any municipal bond insurance, surety bond, letter of credit, or other guaranty arrangement entered into between an independent party and the authority or the local agency that unconditionally shifts substantially all of the credit risk for all or part of the payments on the issue of bonds guaranteed by the credit enhancement and, in the case of bonds bearing a variable rate of interest and containing a provision permitting or requiring tender of the bonds by the bondholder, includes payments against failure to remarket bonds.

(3) "Issue" means bonds that are issued by the same issuer on the same issue date pursuant to the same plan of financing that are reasonably expected to be paid from substantially the same source of funds, without regard to credit enhancement or priority of lien.

(4) "Issue date" means the first date on which the authority, in the case of an issue of bonds issued by the authority, or the local agency, in the case of an issue of bonds issued by the local agency for purchase by the authority, receives the purchase price of the issue of bonds in exchange or the delivery of the evidence of indebtedness representing the bonds of the issue.

(5) "Issue price" means, in the case of an issue of bonds issued by the authority, the initial offering price to the public, excluding bondhouses, underwriters, brokers, and other intermediaries, and assuming that the issue price for each maturity of bonds of the issue is equal to the price at which at least 10 percent of that maturity was sold to the public, and if an issue is privately placed, means the purchase of each maturity of bonds of the issue paid by the first buyer of the

obligation, excluding bondhouses, underwriters, brokers, and other intermediaries. "Issue price" means, in the case of an issue of bonds issued by the local agency, the purchase price of each maturity of bonds of the issue paid by the authority to the local agency.

(6) "Yield" means that discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal, interest, and fees for credit enhancement on the issue of bonds produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of bonds of the issue as of the issue date. In the case of an issue of bonds issued by a local agency for purchase by the authority, payments for administrative costs shall not be taken into account in determining the yield of those local agency bonds.

6593. No member of the governing body of the authority shall be personally liable on the bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.

6594. The authority may, out of any funds available therefor, purchase its bonds. The authority may hold, pledge, cancel, or resell the bonds, subject to, and in accordance with, agreements with bondholders.

6595. Any bonds issued under this article may be secured by a trust agreement between the authority and a corporate trustee or trustees, which may include any trust company or bank having the powers of a trust company within or without the state.

(a) The trust agreement or the resolution providing for the issuance of the bonds may pledge or assign the revenues to be received or the proceeds of any contract or contracts and may convey or mortgage the project or projects, or any portion thereof, to be financed out of the proceeds of the bonds. The trust agreement or resolution providing for the issuance of the bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including provisions specifically authorized to be included in any resolution or resolutions of the authority authorizing bonds.

(b) Any bank or trust company doing business under the laws of the state which may act as a depository of the proceeds of bonds or of revenues or other moneys shall furnish indemnifying bonds or pledge securities when required by the authority.

(c) The trust agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition, any trust agreement or resolution may contain other provisions the authority determines to be reasonable and proper for the security of the bondholders.

6595.3. (a) The authority may issue bonds for the purpose of refunding any bonds, notes, or other securities of the authority then outstanding, including the payment of any redemption premium thereon and any interest accrued, or to accrue, on their earliest or any subsequent date of redemption, purchase, or maturity of these bonds. The authority may issue bonds for the additional purpose of paying all, or any part of, the

costs of constructing and acquiring additions, improvements, extensions, or enlargements of any public capital improvement or any portion thereof.

(b) The proceeds of any bonds issued for the purpose of refunding outstanding bonds may be applied to the purchase or retirement at maturity or redemption of those outstanding bonds either on their earliest or any subsequent redemption date or upon the purchase or retirement at the maturity thereof and may, pending this application, be placed in escrow to be applied to the purchase or retirement at maturity or redemption of those outstanding bonds on the date as may be determined by the authority.

(c) Pending this use, the escrowed proceeds may be invested and reinvested in obligations of, or guaranteed by, the United States, or in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the United States, maturing at the time or times appropriate to assure prompt payment, of the principal, interest, and redemption premium, if any, of the outstanding bonds to be refunded. The interest, income, and profits, if any, earned or realized on the investment may also be applied to the payment of the outstanding bonds to be refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of the proceeds and interest, income, and profits, if any, earned or realized on the investments thereof, shall be returned to the authority for use in carrying out the purposes of this article.

(d) The portion of the proceeds of the bonds issued for the additional purpose of paying all, or any part of, the costs of construction and acquiring additions, improvements, extensions, or enlargements of any project may be invested and reinvested in obligations of, or guaranteed by, the United States, or in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the United States, maturing not later than the time or times when these proceeds will be needed for the purpose of paying all or any part of the costs. The interest, income, and profits, if any, earned or realized on this investment may be applied to the payment of all, or any part of, the costs or may be used by the authority in carrying out the purposes of this article.

6595.5. Bonds issued by the authority are legal investments for all trust funds, the funds of all insurance companies, banks, both commercial and savings, trust companies, executors, administrators, trustees, and other fiduciaries, for state school funds, and for any funds which may be invested in county, municipal, or school district bonds. These bonds are securities which may legally be deposited with, and received by, any state or municipal officer or agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now, or may hereafter be, authorized by law, including deposits to secure public funds. This authorization applies only to the extent that there exists evidence of indebtedness or debt securities of the participating party receiving financing through the issuance of these bonds which qualify for, or are eligible for, these purposes and uses.

6595.7. (a) The authority is not required to pay any property taxes or assessments upon, or with respect to, any public capital improvement or any property acquired by, or for, the authority under this article, or upon the income therefrom, so long as the authority holds title to the public capital improvement or to the property contained in the public capital improvement.

(b) The exemption of the authority from taxation of any public capital improvement ceases when title to the property is transferred from the authority to any local agency whose property is otherwise taxable. This section does not exempt any local agency whose property is otherwise taxable from taxation, including, but not limited to, taxation upon a possessory interest, with respect to any public capital improvement, or the property or facilities contained in any public capital improvement which may otherwise be applicable to the participant.

6596. The State of California does hereby pledge to, and agrees with, the holders of any bonds issued under this article, and with those parties who may enter into contracts with the authority pursuant to this article, that the state will not limit or alter the rights hereby vested in the authority to finance any public capital improvement and to fulfill the terms of any loan agreement, lease, or other contract with the authority pursuant to this part, or in any way impair the rights or remedies of the bonds or of the parties until those bonds, together with the interest thereon, are fully met and discharged and those contracts are fully performed on the part of the authority. However, nothing in this section precludes this limitation or alteration if and when adequate provision has been made by law for the protection of the holders of those bonds of the authority or those entering into those contracts with the authority.

6597. All public capital improvements financed by the authority shall pay interest within a reasonable time after the authority receives revenues or proceeds from bonds as provided under this article.

6597.5. All public capital improvements financed by the authority shall be constructed or completed subject to the rules and regulations of the authority. When the principal of, and interest on, bonds of the authority issued to finance the cost of a particular public capital improvement, including any refunding bonds issued to refund and refinance all, or any part, of these bonds, have been fully paid and retired, or when adequate provisions have been made for their payment and retirement and all other conditions of any resolution, lease, indenture, mortgage or deed of trust, security interest, or any other instrument authorizing and securing the bonds have been satisfied, and any lien created has been released in accordance with the provisions thereof, the authority is authorized, upon the terms and conditions it prescribes, to execute releases, release deeds, reassignments, deeds, and conveyances and to do all things necessary or required to convey or release its rights, title, and interest in the public capital improvement financed and in any other instruments pledged or transferred to secure bonds to local agencies, as their respective interests may appear.

6598. Interest earned on any bonds issued by the authority shall at all times be free from state personal income tax and corporate income tax.

6598.5. Local agencies may request advice from the California Debt and Investment Advisory Commission pursuant to Section 8859 regarding the formation of local bond pooling authorities and the planning, preparing, insuring, marketing, and selling of bonds as authorized pursuant to this article.

6599. (a) In an action filed 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 matter of an authority governed by this article, the authority and any interested person shall serve the Attorney General and the Treasurer with a copy of the complaint filed by the respective party by the first day of the publication of summons as required by Section 861 of the Code of Civil Procedure. A court may render no judgment in the matter or grant other permanent relief to any party except on proof of service of the Attorney General and the Treasurer as required by this section.

(b) The Attorney General and the Treasurer are each interested persons pursuant to an action filed 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 authorizing bonds or the issuance of bonds.

(c) Any authority that dismisses a validation action by formal act and withdraws the resolution may not issue bonds to construct, acquire, or finance a public capital improvement, except pursuant to Article 1 (commencing with Section 6500), unless the authority thereafter reauthorizes the issuance of the bonds and thereafter, if applicable, complies with Sections 6586.5 and 6586.7.

6599.1. (a) The legislative body shall, no later than 30 days prior to the sale of any bonds pursuant to this article, give written notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) Beginning January 1, 1996, each year after the sale of any bonds by the authority for the purpose of acquiring local obligations, the legislative body shall, not later than October 30 of each year until the final maturity of the bonds, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid:

(1) The principal amount of bonds outstanding, both authority bonds and local obligations acquired with the proceeds of authority bonds.

(2) The balance in the reserve fund.

(3) The costs of issuance, including any ongoing fees.

(4) The total amount of administrative fees collected.

(5) The amount of administrative fees charged to each local obligation.

(6) The interest earnings and terms of all guaranteed investment contracts.

(7) Commissions and fees paid on guaranteed investment contracts.

(8) The delinquency rates on all local obligations.

(9) The balance in capitalized interest accounts.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless of when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within 10 days if any of the following events occur:

(1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.

(2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds issued by the authority or any bonds acquired by the authority.

(d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

6599.2. Notwithstanding Sections 863 and 869 of the Code of Civil Procedure, the Attorney General or the Treasurer may jointly or separately file an action pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure at any time up to 55 days after notice required by Section 6586.7 is mailed by certified mail to the Sacramento offices of both the Attorney General and the Treasurer.

6599.3. Notwithstanding any other provision of law, an action may be brought under Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, to determine the validity of any bonds issued under this article to finance the purchase of bonds for local agencies, the financing of public capital improvements, or utility projects, or the purchase of VLF receivables pursuant to Section 6588.5 or Proposition 1A receivables pursuant to Section 6588.6 and any contracts of sale of VLF receivables or Proposition 1A receivables entered into by any local agency, and any related documents. If an action is commenced, the action shall be brought in the jurisdiction in which the authority maintains its principal office and is not required to be brought in the jurisdiction or jurisdictions of any of the local agencies. However, publication of summons, as provided in Section 861 of the Code of Civil Procedure, shall be made in the county in which the authority maintains its principal office and in each county in which any local agency that has sold bonds to the authority, for which a public capital improvement is being financed or that has entered into a sales agreement for a VLF receivable or a Proposition 1A receivable where the authority is located.

The Revenue Bond Act of 1941

54300 This chapter may be cited as the Revenue Bond Law of 1941.

54301. This chapter is full authority for the issuance of bonds and the acquisition, construction, or improvement of any enterprise pursuant to this chapter.

54301.1. This chapter is intended to provide to any local agency heretofore or hereafter created or authorized to be created an alternate method of financing any enterprise (as said term is hereinafter defined), unless the issuance of bonds as defined in Section 54313 is

specifically prohibited to such local agency by the Constitution of the State of California or by the law or charter pursuant to which such local agency is organized and operates.

54302. The powers conferred by this chapter are in addition to, and the limitations imposed by this chapter do not affect, the powers conferred by any other law.

54303. If this chapter is inconsistent with any other law, this chapter is controlling.

54304. This chapter shall be liberally construed to promote its objects.

54305. If the jurisdiction of the legislative body to order the proposed act is not affected, the defect or omission of any officer or any local agency in proceedings under this chapter does not invalidate the proceedings or bonds issued under this chapter.

54306. The terms defined in this article have the meanings set forth unless the context requires a different meaning.

54307. "Local agency" means any city, county, city and county, or any municipal or public corporation or district which is authorized to acquire, construct, own, or operate any enterprise as defined in Section 54309.

54307.1. "Local agency" also means any entity or agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 for the purpose of acquiring, constructing, maintaining, or operating an enterprise for the collection, treatment, or disposal of sewage, waste, or storm water.

(a) Any proposition submitted to an election held within such local agency or entity for the purpose of authorizing bonds shall be deemed adopted if it receives the affirmative vote of a majority of all the voters voting on the proposition. Such election shall be held within the combined territory of all agencies which, pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, have jointly created such local agency or entity; provided that if a public agency has entered into an agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 on behalf of a county service area, improvement zone, improvement district, maintenance district, or other zone or area, only the territory of such county service area, improvement zone, maintenance district, improvement district, or other zone or area shall be included in the combined territory in which the election shall be held.

(b) If compliance with a water quality control plan, adopted pursuant to Division 7 (commencing with Section 13000) of the Water Code, requires the construction of facilities for the collection, treatment, or disposal of sewage, waste, or storm water, and if the appropriate regional water quality control board, in a cease and desist order or by other action of the board, finds or determines that immediate action for the planning and construction of such facilities is urgently needed for the compliance with such plan and the prevention of pollution, the election procedures of Article 3 (commencing with Section 54380) of this chapter shall not be applicable, but undertaking the improvement shall be subject to referendum on the issuance of bonds. The resolution of the local agency or entity authorizing the issuance of bonds pursuant to this chapter shall be subject to referendum within the combined territory

of all the agencies which, pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, have created such local agency or entity. Referendum procedures shall, as nearly as practicable, be those specified in Section 6547.2.

For the purposes of Section 6547.2, however, "local agency" shall mean the local agency or entity authorizing the issuance of bonds. The electors of such local agency for the purposes of such section shall be the electors residing within the boundaries of the local agency or entity who would be qualified to vote for candidates for Governor; provided that, should all of the parties to the agreement be "landowner-voter districts" as defined in Section 56048, the agreement shall provide which principal district act shall apply for the purpose of determining voter qualifications, manner of voting, and number of votes each voter is entitled to cast. A majority vote against the issuance of bonds shall have the effect of rescinding the resolution authorizing the issuance of bonds.

In the event that all parties to the agreement are "landowner-voter districts" as defined in Section 56048, and the agreement fails to specify which principal act shall apply for the purposes of determining voter qualifications, voting shall occur in the manner specified in Division 13 (commencing with Section 34000) of the Water Code.

(c) Such local agency or entity shall have the power to utilize any part of its waste or storm water or any parts of the enterprise acquired or constructed through the issuance of bonds of the local agency or entity to provide, generate, and deliver hydroelectric power, and may acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient for such utilization.

(d) Such local agency or entity shall have the power (1) pursuant to contract, to provide, sell, and deliver hydroelectric power to the federal government or to any board, department, or agency thereof, to the State of California for purposes of the State Water Resources Development System, and to any public agency, private corporation, or any other person or entity, or any combination thereof, engaged in the sale of electric power at retail; or (2) to use all or any part of such hydroelectric power directly, or indirectly through exchange, in exercising any other power of such local agency or entity.

(e) Such local agency or entity shall have the power to acquire, construct, maintain, and operate works, facilities, improvements, and property necessary for the provision, generation, and delivery of hydroelectric power pursuant to subdivisions (c) and (d) of this section.

54307.2. "Local agency" also means any joint powers agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 for the generating, producing, or transmitting of electric energy for lighting, heating, and power for public or private uses. In lieu of holding an election within the joint powers agency, upon the adoption by the joint powers agency of the resolution referred to in Article 3 (commencing with Section 54380) of this chapter, each member public agency of the joint powers agency whose revenues are to

be pledged to secure the bonds shall implement such resolution by conducting the election within its boundaries in accordance with the provisions of this chapter. The proposition authorizing the bonds shall be deemed adopted if it receives the affirmative vote of a majority of all the voters voting on the proposition within each of such public agencies.

54307.3. "Local agency" also means any entity or agency created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 for the purpose of acquiring, constructing, maintaining, or operating systems, plants, buildings, works or other facilities or property for the purposes of disposal, treatment, or conversion to energy and reusable materials of solid waste. Any proposition submitted to an election held within such local agency for the purpose of authorizing bonds shall be deemed adopted if it receives the affirmative vote of a majority of all the voters voting on the proposition. Such an election shall be held within the combined territory of all local agencies which, pursuant to such Article 1, have jointly created such entity or agency.

54307.4. Issuance of bonds for the construction of facilities for the generation, production, or transmission of electric energy by wind for lighting, heating, and power for public or private uses, shall not be subject to the election procedures of Article 3 (commencing with Section 54380), but undertaking the improvement, and the issuance of bonds therefor, shall be authorized by ordinance or resolution of the local agency governing board, and shall be subject to referendum.

54308. "Law" includes the charter of a local agency.

54309. "Enterprise" means a revenue-producing improvement, building, system, plant, works, facilities, or undertaking used for or useful for any of the following purposes:

(a) The obtaining, conserving, treating and supplying of water for domestic use, irrigation, sanitation, industrial use, fire protection, recreation, or any other public or private uses.

(b) The collection, treatment or disposal of garbage or refuse matter.

(c) The collection, treatment or disposal of sewage, waste or storm water, including drainage.

(d) The providing of public parking lots, garages, or other automotive or vehicular parking facilities, including any and all public offstreet vehicular parking facilities.

(e) The providing of public transportation by means of a ferry or ferry system.

(f) The providing of public airports and facilities appurtenant thereto.

(g) The providing of harbors, including without limitation public small boat harbors, and facilities and improvements in connection therewith.

(h) The providing of hospitals and facilities appurtenant thereto.

(i) The providing of public golf courses, and facilities and improvements in connection therewith.

(j) The generation, production, or transmission of electric energy for lighting, heating, and power for public or private uses.

54309.1. "Enterprise" includes, but is not limited to, all parts of the enterprise, all appurtenances to it, and:

(a) Lands, easements, rights in land, water rights, contract rights, and franchises;

(b) Approaches, dams, reservoirs, trunk, connecting, and other water mains, filtration works, pumping stations, water supply, storage, and distribution facilities and equipment;

(c) Garbage trucks, equipment, dumps, garbage disposal plants, and incinerators or other disposal facilities, including facilities to sort and prepare components of solid waste for sale and facilities to convert solid waste to energy and reusable materials;

(d) Sewage treatment plants, sewage disposal plants, intercepting and collecting sewers, outfall sewers, trunk, connecting, and other sewer mains;

(e) The franchises or licenses to operate a ferry or ferry system, all boats and vessels, all land and interest in land, all slips, wharves, piers, landing places, approaches, and all facilities and equipment used in the maintenance and operation of a ferry or ferry system, or harbor, including small boat harbors, marinas, aquatic playgrounds, and similar recreational facilities;

(f) Ambulances, both inpatient and outpatient facilities, laboratories, pharmacies, surgical instruments, and equipment of such nature as may be reasonably necessary for the treatment of patients; and

(g) All buildings, structures, improvements, equipment, ditches, canals, and facilities whatsoever appurtenant or relating to the enterprise.

54310. "Enterprise" does not include, and this chapter does not authorize a local agency to borrow money and issue bonds for, systems, plants, works, or undertakings for:

(a) The distribution of electric energy for lighting, heating, and power for public or private uses.

(b) The generation, production, transmission, and distribution of gas for public or private uses.

These exclusions shall not apply to systems, plants, works, or undertakings which result in conversion to energy and reusable materials of solid waste as defined in Section 66719.

54311. Subject to the limitations of Sections 54309 and 54310, in any resolution calling an election for the issuance of bonds for acquiring, constructing, improving, or financing any enterprise, the legislative body may define "enterprise" and that definition applies to the bonds authorized at the election.

54312. "Improve" means reconstruct, replace, extend, repair, better, equip, develop, embellish, or otherwise improve.

54313. "Bonds" means bonds, notes, or other obligations issued by a local agency pursuant to this chapter and payable exclusively from revenues of an enterprise and from any or all of the other funds referred to in Section 54478 upon which the bonds, notes, or other obligations are to be made a charge and from which they are to be payable.

54314. "Charges" includes fees, tolls, rates, and rentals.

54315. "Revenues" mean all charges received for, and all other income and receipts derived by the local agency from, the operation of the enterprise or arising from the enterprise. Revenues include revenue deposited in a sinking, redemption, or reserve fund or other fund to secure the bonds or to provide for the payment of them or the interest on them.

54316. "Holder of bonds" or "bondholder" means:

(a) The bearer of any outstanding bond registered to bearer or not registered.

(b) The registered owner of an outstanding bond registered other than to bearer at the time.

Fire Suppression Assessments Levied

50078 Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article. The assessment may be made for the purpose of obtaining, furnishing, operating, and maintaining fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of firefighting personnel, or both, whether or not fire suppression services are actually used by or upon a parcel, improvement, or property.

50078.1. As used in this article, the following terms have the following meanings:

(a) "Legislative body" means the board of directors, trustees, governors, or any other governing body of a local agency specified in subdivision (b).

(b) "Local agency" means any city, county, or city and county, whether general law or chartered, or special district, including a county service area created pursuant to the County Service Area Law (Chapter 2.5 (commencing with Section 25210) of Part 2 of Division 2 of Title 3).

(c) "Fire suppression" includes firefighting and fire prevention including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard.

50078.2. (a) The ordinance or resolution shall establish uniform schedules and rates based upon the type of use of property and the risk classification of the structures or other improvements on, or the use of, the property. The risk classification may include, but need not be limited to, the amount of water required for fire suppression on that property, the structure size, type of construction, structure use, and other factors relating to potential fire and panic hazards and the costs of providing the fire suppression by the district to that property. The assessment shall be related to the benefits to the property assessed.

(l) The benefit assessment levies on land devoted primarily to agricultural, timber, or livestock uses, and being used for the commercial production of agricultural, timber, or livestock products, shall be related to the relative risk to the land and its products. The amount of the assessment shall recognize normal husbandry practices that serve to mitigate risk, onsite or proximate water availability, response time, capability of the fire suppression service, and any other factors which reflect the benefit to the land resulting from the fire suppression service provided. A benefit assessment shall not be levied for wildland or watershed fire suppression on land located in a state responsibility area as defined in Section 4102 of the Public Resources Code. This subdivision is not applicable to any benefit assessment levied prior to January 1, 1984, on land devoted primarily to agricultural, timber, or livestock uses.

50078.3. Any ordinance or resolution adopted by a local agency pursuant to this article establishing uniform schedules and rates for assessments for fire suppression services which substantially conforms with the model ordinance which the State Fire Marshal is authorized to adopt pursuant to Section 13111 of the Health and Safety Code shall be presumed to be in compliance with the requirements of Section 50078.2.

50078.4. The legislative body of the local agency shall cause to be prepared and filed with the clerk of the local agency a written report which shall contain all of the following:

(a) A description of each lot or parcel of property proposed to be subject to the assessment.

(b) The amount of the assessment for each lot or parcel for the initial fiscal year.

(c) The maximum amount of the assessment which may be levied for each lot or parcel during any fiscal year.

(d) The duration of the assessment.

(e) The basis of the assessment.

(f) The schedule of the assessment.

(g) A description specifying the requirements for protest and hearing procedures for the proposed assessment pursuant to Section 50078.6.

50078.5. (a) The legislative body may establish zones or areas of benefit within the local agency and may restrict the imposition of assessments to areas lying within one or more of the zones or areas of benefit established within the local agency.

(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit.

The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used.

50078.6. The clerk of the local agency shall cause the notice, protest, and hearing procedures to comply with Section 53753. The mailed notice shall also contain the name

and telephone number of the person designated by the legislative body to answer inquiries regarding the protest proceedings.

50078.13. The local agency shall pay the county for costs, if any, incurred by the county in conducting the election. An election called by a legislative body pursuant to this article is subject to all provisions of the Elections Code applicable to elections called by the local agency. The local agency may recover the costs of the election and any other costs of preparing and levying the assessment from the proceeds of the assessment.

50078.16. The legislative body may provide for the collection of the assessment in the same manner, and subject to the same penalties as, other fees, charges, and taxes fixed and collected by, or on behalf of the local agency. If the assessments are collected by the county, the county may deduct its reasonable costs incurred for that service before remittal of the balance to the local agency's treasury.

50078.17. Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure applies to any judicial action or proceeding to validate, attack, review, set aside, void, or annul an ordinance or resolution levying an assessment or modifying or amending an existing ordinance or resolution.

If an ordinance or resolution provides for an automatic adjustment in an assessment, and the automatic adjustment results in an increase in the amount of an assessment, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 90 days of the effective date of the increase.

Any appeal from a final judgment in the action or proceeding brought pursuant to this section shall be filed within 30 days after entry of the judgment.

50078.19. This article does not limit or prohibit the levy or collection of any other fee, charge, assessment, or tax for fire suppression services authorized by any other provisions of law.

50078.20. Any fire protection district may specifically allocate a portion of the revenue generated pursuant to this article to pay the interest and that portion of the principal as will become due on an annual basis on indebtedness incurred pursuant to Section 8589.13 of this code and Section 13906 of the Health and Safety Code.

Habitat Maintenance Assessments

50060 As used in this article:

(a) "District" means a habitat maintenance assessment district formed pursuant to this article.

(b) "Improvement" means one or any combination of the following:

(1) The acquisition, construction, or rehabilitation of any facilities needed to create, restore, enhance, or maintain natural habitat.

(2) The installation or construction of any facilities which are appurtenant to any facilities in paragraph (1) or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing,

removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.

(3) The installation of habitat improvements, including, but not limited to, any of the following:

(A) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.

(B) The maintenance or servicing, or both, of any of the foregoing.

(4) The acquisition of land for habitat maintenance purposes.

(5) The acquisition of any existing improvement otherwise authorized pursuant to this article.

(c) "Incidental expenses" include all of the following:

(1) The costs of preparation of the report, including plans, specifications, estimates, diagrams, and assessment.

(2) The costs of printing, advertising, and the giving of published, posted, and mailed notices.

(3) Compensation payable to the county for collection of assessments.

(4) Compensation of any engineer, scientist, or attorney employed to render services in proceedings pursuant to this article. The compensation shall not exceed the estimated amount required to provide the service.

(5) Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements.

(6) Any expenses incidental to the issuance of bonds or notes pursuant to Section 50068.

(7) The costs of biological monitoring and evaluation of collected data related to the establishment or operation of natural habitat.

(8) The direct costs incurred by the Department of Fish and Game in approving long-term natural habitat maintenance plans pursuant to Section 2901 of the Fish and Game Code.

(d) "Legislative body" means the city council, board of supervisors, or any other governing body of a local agency.

(e) "Local agency" means any city, county, or city and county, whether general law or chartered.

(f) "Maintain" or "maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including, but not limited to, all of the following:

(1) Repair, removal, or replacement of all or any part of any improvement.

(2) Providing for the life, growth, health, and beauty of habitat, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury.

(3) The removal of trimmings, rubbish, debris, and other solid waste.

(4) The operation and management of natural habitat, including biological monitoring and evaluation of collected data.

(5) The conduct of biological activities necessary to sustain the species being protected.

50060.5. (a) A local agency may, by ordinance or by resolution adopted after notice and hearing, establish a district to provide for the improvement or maintenance of natural habitat. The local agency may perform those functions or contract with the state, another local agency, or a special district to perform those functions. If a local agency establishes a district, it may provide for the levy of assessments for not more than 30 years to pay the cost and incidental expenses of implementing a long-term natural habitat maintenance plan approved by the Department of Fish and Game pursuant to Section 2901 of the Fish and Game Code. Any assessments levied pursuant to this section shall be levied only in accordance with a plan for the conservation of natural habitat approved by the Department of Fish and Game. No plan shall be approved by the Department of Fish and Game unless it contains provisions for the recovery of all costs incurred by the department in its review of the plan for the conservation of natural habitat.

(b) The legislative body of the local agency establishing a district shall serve as the legislative body of the district.

(c) Notwithstanding any other provision of this article, assessments levied pursuant to this article shall not be reduced or terminated if doing so would interfere with the implementation of an approved plan for the conservation of natural habitat.

(d) This article applies only to the implementation of a long-term natural habitat maintenance plan by a district, and does not alter, limit, or otherwise affect any other district that has been, or may be, established pursuant to law, including, but not limited to, any other district relating to wildlife habitat.

(e) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5, does not apply to a district formed pursuant to this article.

50061. (a) The ordinance or resolution shall establish uniform assessment rates based on the costs of providing the maintenance or improvement by the district. The assessment shall be related to the benefits to the property assessed. The maximum amount that may be assessed for habitat maintenance on any lot or parcel for purposes of paying costs incurred in 1994 for long-term maintenance of natural habitat pursuant to this article shall not exceed twenty-five dollars ($25). For subsequent years, the maximum amount that may be assessed for this purpose shall not exceed twenty-five dollars ($25) increased by the percentage increase in the

California Consumer Price Index between December 1993 and December of the year prior to the year of the assessment. The total amount assessed shall not exceed the anticipated actual costs of the authorized maintenance of natural habitat.

(b) Notwithstanding subdivision (a), land that is devoted primarily to agricultural, timber, or livestock uses and that is being used for the commercial production of agricultural, timber, or livestock products may be subject to an assessment by a district for the acquisition, construction, or operation and maintenance of natural habitat pursuant to this article only if the legislative body makes both of the following determinations:

(1) The agricultural, timber, or livestock land will be specially benefited by the natural habitat. The determination shall identify the nature of the benefit to the land.

(2) Agricultural, timber, or livestock uses or practices will be eliminated in a manner that will adversely affect the habitat area or the flora or fauna that the natural habitat is intended to protect, or the owner of the land has agreed to the assessment. No land is subject to an assessment until its agricultural, timber, or livestock use is eliminated or until the owner consents to the assessment, whichever occurs first.

(c) Division 4.5 (commencing with Section 3100) of the Streets and Highways Code applies to proceedings in which the legislative body determines to issue bonds or notes pursuant to Section 50068, or to finance a long-term natural habitat maintenance program in a district, and may be applied to any other proceedings pursuant to this article at the discretion of the legislative body.

50061.5. (a) The legislative body of the local agency shall cause to be prepared and filed with the clerk of the local agency a written report which shall contain all of the following:

(1) Plans and specifications for the improvements.

(2) An estimate of the costs of the improvements.

(3) A diagram of the district and a description of each lot or parcel of property proposed to be subject to the assessment.

(4) The amount of the assessment for each lot or parcel for the initial fiscal year and the maximum amount of the assessment that may be levied for each lot or parcel during any fiscal year thereafter.

(5) The duration of the assessment.

(6) The basis of the assessment.

(7) The schedule of the assessment.

(8) A description specifying the requirements for the protest and hearing procedures referred to in Section 50063 necessary for imposing the proposed assessment.

(b) If the report proposes the levy of an assessment for more than one year to pay debt service on bonds or notes, or to pay for the maintenance of natural habitat, the report shall also contain both of the following:

(1) If bonds or notes will be issued pursuant to Section 50068, an estimate of their principal amount.

(2) A general description of the habitat maintenance program and a statement of the maximum costs of the maintenance program for each year of its expected duration.

50062. (a) The assessment shall refer to the fiscal year to which it applies and shall do all of the following:

(1) State the net amount, determined in accordance with Section 50061, to be assessed upon assessable lands within the district, which shall include an amount sufficient to pay the principal and interest due during the fiscal year from each parcel on any bonds or notes issued pursuant to Section 50068, and shall also include the amount needed to pay for the long-term natural habitat maintenance program of a district.

(2) Describe each assessable lot or parcel of land within the district.

(3) Assess the net amount upon all assessable lots or parcels of land within the district by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each lot or parcel from the improvements.

(b) The assessment may refer to the county assessment roll for a description of the lots or parcels, in which case that roll shall govern for all details concerning the description of the lots or parcels.

50062.5. If a district established pursuant to this article levies an assessment under this article to maintain or improve natural habitat, any lot or parcel is presumed to specifically benefit from the natural habitat if one or all of the following occur:

(a) The past or proposed development or use of that lot or parcel has adversely affected or will adversely affect the habitat area or the flora and fauna which the natural habitat is intended to protect, and the extent to which a parcel benefits from the natural habitat shall be based on the degree to which the past or proposed use of the parcel has adversely affected or will adversely affect the habitat area or the flora or fauna that the natural habitat is intended to protect.

(b) The lot or parcel otherwise benefits from the maintenance or improvement of the habitat area or the flora or fauna that the natural habitat is intended to protect.

50063. After approval of the report, either as filed or as modified, the legislative body shall adopt a resolution of intention.

The resolution shall do all of the following:

(a) Declare the intention of the legislative body to order the formation of a district, to levy and collect assessments, and, if desired, to issue bonds or notes, to provide for the long-term maintenance of natural habitat pursuant to this article.

(b) Generally describe the improvements.

(c) Refer to the proposed district by its distinctive designation and indicate the general location of the district.

(d) Refer to the report on file with the clerk of the local agency for a full and detailed description of the improvements, the boundaries of the district, any bonds or notes to be issued, any provisions for the long-term maintenance of natural habitat, and the proposed assessments upon assessable lots and parcels of land within the district.

(e) Give notice of, and fix a time and place for, a hearing by the legislative body on, among other things, the question of the formation of the district and the levy of the proposed assessment.

The notice, protest, and hearing procedures shall comply with Section 53753.

50063.5. (a) The legislative body may establish zones or areas of benefit within the district and shall restrict the imposition of assessments to areas lying within those zones or areas of benefit.

(b) The benefit assessment shall be levied on a parcel basis within the boundaries of the district.

(c) The assessment may be levied against any parcel that benefits from habitat maintenance services that may be made available whether or not the service is actually used.

50064. The clerk of the local agency shall cause notice of the filing of the report prepared pursuant to Section 50061.5, and of a time, date, and place of hearing pursuant to Section 50063.

50066. If the local agency is a city, it shall pay the county for costs, if any, incurred by the county in conducting the election. An election called by a legislative body pursuant to this article is subject to all provisions of the Elections Code applicable to elections called by the local agency. The local agency may recover the costs of the election and any other costs of preparing and levying the assessment from the proceeds of the assessment.

50067. (a) If no majority protest exists pursuant to Section 53753, the legislative body may adopt a resolution ordering the improvements and the formation of the district and confirming the diagram and assessment, either as originally proposed by the legislative body or as changed by it. Except as provided in subdivision (b) or (c), the adoption of the resolution shall constitute the levy of an assessment for the fiscal year referred to in the assessment.

(b) If bonds or notes are to be issued pursuant to Section 50068, the adoption of the resolution shall constitute the levy of an assessment for a principal amount which may be collected in annual installments. The clerk shall record a notice and map

describing the assessment pursuant to Division 4.5 (commencing with Section 3100) of the Streets and Highways Code.

(c) If the district will finance a long-term natural habitat maintenance program, the adoption of the resolution constitutes the levy of a series of annual assessments for each of several years to pay the costs of maintaining natural habitat pursuant to Section 50060.5. The clerk shall record a notice and map describing the assessments pursuant to Division 4.5 (commencing with Section 3100) of the Streets and Highways Code.

50067.5. The legislative body may provide for the collection of the assessment in the same manner, and subject to the same penalties as, other fees, charges, and taxes fixed and collected by, or on behalf of the local agency. If the assessments are collected by a county on behalf of a city, the county may deduct its reasonable costs incurred for that service before remittal of the balance to the city.

50068. (a) The legislative body may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of the proposed improvements described in Section 50060.5, other than the costs of maintenance and servicing, under either the Improvement Act of 1911 (Division 7 (commencing with Section 5000), S.& H.C.) or the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500), S.& H.C.). Either Part 5 (commencing with Section 6400) of Division 7 or Division 10 (commencing with Section 8500) of the Streets and Highways Code, as the case may be, shall govern all proceedings relating to the issuance of those bonds. The pertinent provisions of that division which apply to the legislative body of a city shall also apply to the legislative body of a district formed pursuant to this article. Alternatively, the legislative body may determine and declare that notes shall be issued for the same purposes for which bonds may be issued. The maximum term to maturity of any notes issued shall not exceed 10 years.

(b) The resolution shall generally describe the proposed improvements specified in Section 50060.5, set forth the estimated cost thereof, specify the number of annual installments and the fiscal years during which they are to be collected, and fix or determine the maximum amount of each annual installment necessary to retire the bonds or notes. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years. The amount of debt service to retire the notes shall not exceed the amount of revenue to be raised from the assessments over 10 years.

(c) Notwithstanding any other provision of this article, assessments levied to pay the principal of, and interest on, any bond or note issued pursuant to this section, shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

50068.5. The legislative body shall provide by resolution each year for the levy and collection of annual assessments to pay for the long-term maintenance of natural habitat pursuant to this article in the amounts previously authorized. The resolution shall include a diagram and assessment against each lot or parcel subject to assessment for those

purposes. If the assessments are to be increased above the amount levied for the previous year, notice, protest, and hearing procedures shall comply with Section 53753. The levy and collection of assessments for those purposes may be coordinated with the levy and collection of assessments pursuant to any other provision of law in any manner that the legislative body determines to be necessary or convenient.

50069. Any resolution providing for the levy of assessments for payment of debt service on bond debt or notes, or for the long-term maintenance of natural habitat, or any hearings upon the formation of a district, or upon the levy of annual assessments after formation of a district shall be concluded and any resolution confirming a diagram and an assessment shall be adopted not later than either of the following dates:

(a) July 1 of the fiscal year during which the assessments are to be collected on the county assessment roll.

(b) A later date, not beyond the third Monday in August, that the county auditor authorizes.

50069.5. (a) Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure applies to any judicial action or proceeding to validate, attack, review, set aside, void, or annul an ordinance or resolution levying an assessment or modifying or amending an existing ordinance or resolution.

(b) If an ordinance or resolution provides for an automatic adjustment in an assessment, and the automatic adjustment results in an increase in the amount of an assessment, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 90 days of the effective date of the increase.

(c) Any appeal from a final judgment in the action or proceeding brought pursuant to this section shall be filed within 30 days after entry of the judgment.

50070. This article does not limit or prohibit the levy or collection of any other fee, charge, assessment, or tax for habitat maintenance authorized by any other provision of law.

CA Infrastructure and Economic Development Bank

63000 The Legislature finds and declares the following:

(a) Economic revitalization, future development, and a healthy climate for jobs in California will depend upon a well-conceived system of public improvements that are essential to the economic well-being of the citizens of the state and are necessary to maintain, as well as create, employment within the state for business.

(b) It is necessary for public policy to support the efforts of businesses attempting to expand, businesses seeking to locate in California, and local economic development organizations, public agencies, and new entrepreneurs by dedicating public fiscal resources to confront obstacles and barriers that impede economic growth.

(c) Existing mechanisms that coordinate federal, state, local, and private financial resources are inadequate to attract and sustain that level of private investment that is essential to a growth economy.

(d) In order to secure and enhance the economic well-being of Californians, promote economic development in the state, and provide a healthy climate for the creation of jobs, it is necessary for public policy to support the efforts of expanding businesses, businesses seeking to locate in California, local development organizations, public bodies, and new entrepreneurs to gain access to capital through current and potential operations of financial markets.

(e) The high cost and the lack of availability of industrial loans for small- and medium-size businesses is making it difficult for thousands of these enterprises to get established, to maintain their present employment levels, or to expand employment.

(f) The problem of access to capital is acute in the high technology industry clusters because companies must often finance large capital expenditures early in their development cycle, and cannot obtain financing sufficient to cover the cost of those expenditures. Consideration should be given to industry clusters that may include the following:

(1) Health care technology.

(2) Multimedia.

(3) Environmental technology.

(4) Information technology.

(g) The high cost and limited availability of loans and capital has led a number of states to take action to remedy these conditions through concerted public and private investment programs that include efforts to do the following:

(1) Use the state's access to capital markets more effectively for economic development.

(2) Create financing pools to access national capital markets or help government sponsors and public-private economic development organizations obtain credit enhancement on their own.

(3) Facilitate credit enhancement for selected specific projects.

(4) Provide or arrange for loan insurance.

(5) Create and support secondary markets for loan portfolios of urban and rural economic development corporations and others.

(6) Improve access to international capital markets.

(7) Provide opportunities for public pension funds and other institutional investors to play a larger role in state economic development.

(8) Arrange for or provide subordinated debt for selected projects.

(9) Increase support for local infrastructure development.

(h) Local governments in California bear a primary responsibility for the business of promoting job creation and economic development efforts. California's continued

reliance on autonomous local entities often fails to adequately consider regional impacts of business expansion. Projects of a regional nature need the benefit of a state coordinating function to augment and enhance local economic development and environmental efforts.

(i) The State of California has not embarked on a major infrastructure financing effort since the decade of the 1960's, despite persistent unemployment and soaring population growth.

(j) California's ability to compete in a global economy depends upon its capacity to implement policies that take maximum advantage of public and private resources at the local, regional, state, and national levels. These policies should be coordinated with any future legislative plan involving growth management strategies designed to make economic growth compatible with environmental protections. It is the intent of the Legislature in enacting this act to create a mechanism to finance projects needed to implement economic development and job creation and growth management strategies, and to provide a secure and stable funding source for implementation of this act in order to meet critical economic, social, and environmental concerns.

(k) The State of California needs a financing entity structured with broad authority to issue bonds, provide guarantees, and leverage state and federal funds using techniques that will target public investment to facilitate economic development. The goal is to produce more private sector jobs with less public sector investment.

(l) The mechanisms for financing public improvements and private job creation strategies provided for in this act are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of the citizens of the state.

(m) The public policies and responsibilities of the state, including all of the above purposes and functions, cannot be fully obtained without the use of financing assistance and can be most effectively furthered by the creation of the California Infrastructure and Economic Development Bank.

63002. This division shall be known and may be cited as the Bergeson-Peace Infrastructure and Economic Development Bank Act.

Proposition 218 Omnibus Implementation Act

53750 For purposes of Article XIII C and Article XIII D of the California Constitution and this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C of the California Constitution.

(b) "Assessment" means any levy or charge by an agency upon real property that is based upon the special benefit conferred upon the real property by a public improvement or service, that is imposed to pay the capital cost of the public improvement, the maintenance and operation expenses of the public improvement, or the cost of the service being provided. "Assessment" includes, but is not limited to,

"special assessment," "benefit assessment," "maintenance assessment," and "special assessment tax."

(c) "District" means an area that is determined by an agency to contain all of the parcels that will receive a special benefit from a proposed public improvement or service.

(d) "Drainage system" means any system of public improvements that is intended to provide for erosion control, landslide abatement, or for other types of water drainage.

(e) "Extended," when applied to an existing tax or fee or charge, means a decision by an agency to extend the stated effective period for the tax or fee or charge, including, but not limited to, amendment or removal of a sunset provision or expiration date.

(f) "Flood control" means any system of public improvements that is intended to protect property from overflow by water.

(g) "Identified parcel" means a parcel of real property that an agency has identified as having a special benefit conferred upon it and upon which a proposed assessment is to be imposed, or a parcel of real property upon which a proposed property-related fee or charge is proposed to be imposed.

(h) (1) "Increased," when applied to a tax, assessment, or property-related fee or charge, means a decision by an agency that does either of the following:

(A) Increases any applicable rate used to calculate the tax, assessment, fee or charge.

(B) Revises the methodology by which the tax, assessment, fee or charge is calculated, if that revision results in an increased amount being levied on any person or parcel.

(2) A tax, fee, or charge is not deemed to be "increased" by an agency action that does either or both of the following:

(A) Adjusts the amount of a tax or fee or charge in accordance with a schedule of adjustments, including a clearly defined formula for inflation adjustment that was adopted by the agency prior to November 6, 1996.

(B) Implements or collects a previously approved tax, or fee or charge, so long as the rate is not increased beyond the level previously approved by the agency, and the methodology previously approved by the agency is not revised so as to result in an increase in the amount being levied on any person or parcel.

(3) A tax, assessment, fee or charge is not deemed to be "increased" in the case in which the actual payments from a person or property are higher than would have resulted when the agency approved the tax, assessment, or fee or charge, if those higher payments are attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land.

(i) "Notice by mail" means any notice required by Article XIII C or XIII D of the California Constitution that is accomplished through a mailing, postage prepaid, deposited in

the United States Postal Service and is deemed given when so deposited. Notice by mail may be included in any other mailing to the record owner that otherwise complies with Article XIII C or XIII D of the California Constitution and this article, including, but not limited to, the mailing of a bill for the collection of an assessment or a property-related fee or charge.

(j) "Record owner" means the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the State of California, or the United States, means the representative of that public entity at the address of that entity known to the agency.

(k) "Registered professional engineer" means an engineer registered pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code).

(l) "Vector control" means any system of public improvements or services that is intended to provide for the surveillance, prevention, abatement, and control of vectors as defined in subdivision (k) of Section 2002 of the Health and Safety Code and a pest as defined in Section 5006 of the Food and Agricultural Code.

(m) "Water" means any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water.

53752. The Department of General Services shall develop compliance standards in the State Administrative Manual (SAM) to inform owners of state property of their duties and responsibilities pursuant to this article and Articles XIII C and XIII D of the California Constitution.

53753. (a) The notice, protest, and hearing requirements imposed by this section supersede any statutory provisions applicable to the levy of a new or increased assessment that is in existence on the effective date of this section, whether or not that provision is in conflict with this article. Any agency that complies with the notice, protest, and hearing requirements of this section shall not be required to comply with any other statutory notice, protest, and hearing requirements that would otherwise be applicable to the levy of a new or increased assessment, with the exception of Division 4.5 (commencing with Section 3100) of the Streets and Highways Code. If the requirements of that division apply to the levy of a new or increased assessment, the levying agency shall comply with the notice, protest, and hearing requirements imposed by this section as well as with the requirements of that division.

(b) Prior to levying a new or increased assessment, or an existing assessment that is subject to the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution, an agency shall give notice by mail to the record owner of each identified parcel. Each notice shall include the total amount of the proposed assessment chargeable to the entire district, the amount chargeable to the record owner's parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, and the date, time, and location of a public hearing on the proposed assessment.

Each notice shall also include, in a conspicuous place thereon, a summary of the procedures for the completion, return, and tabulation of the assessment ballots required pursuant to subdivision (c), including a statement that the assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with ballots weighted according to the proportional financial obligation of the affected property. An agency shall give notice by mail at least 45 days prior to the date of the public hearing upon the proposed assessment. On the face of the envelope mailed to the record owner, in which the notice and ballot are enclosed, there shall appear in substantially the following form in no smaller than 16-point bold type: "OFFICIAL BALLOT ENCLOSED." An agency may additionally place the phrase "OFFICIAL BALLOT ENCLOSED" on the face of the envelope mailed to the recorded owner, in which the notice and ballot are enclosed, in a language or languages other than English.

(c) Each notice given pursuant to subdivision (b) shall contain an assessment ballot that includes the agency's address for receipt of the ballot and a place where the person returning the assessment ballot may indicate his or her name, a reasonable identification of the parcel, and his or her support or opposition to the proposed assessment. Each assessment ballot shall be in a form that conceals its contents once it is sealed by the person submitting the assessment ballot. Each assessment ballot shall be signed and either mailed or otherwise delivered to the address indicated on the assessment ballot. Regardless of the method of delivery, all assessment ballots shall be received at the address indicated, or the site of the public testimony, in order to be included in the tabulation of a majority protest pursuant to subdivision (e). Assessment ballots shall remain sealed until the tabulation of ballots pursuant to subdivision (e) commences, provided that an assessment ballot may be submitted, or changed, or withdrawn by the person who submitted the ballot prior to the conclusion of the public testimony on the proposed assessment at the hearing required pursuant to subdivision (d). An agency may provide an envelope for the return of the assessment ballot, provided that if the return envelope is opened by the agency prior to the tabulation of ballots pursuant to subdivision (e), the enclosed assessment ballot shall remain sealed as provided in this section.

(d) At the time, date, and place stated in the notice mailed pursuant to subdivision (b), the agency shall conduct a public hearing upon the proposed assessment. At the public hearing, the agency shall consider all objections or protests, if any, to the proposed assessment. At the public hearing, any person shall be permitted to present written or oral testimony. The public hearing may be continued from time to time.

(e) (1) At the conclusion of the public hearing conducted pursuant to subdivision (d), an impartial person designated by the agency who does not have a vested interest in the outcome of the proposed assessment shall tabulate the assessment ballots submitted, and not withdrawn, in support of or opposition to the proposed assessment. For the purposes of this section, an impartial person includes, but

is not limited to, the clerk of the agency. If the agency uses agency personnel for the ballot tabulation, or if the agency contracts with a vendor for the ballot tabulation and the vendor or its affiliates participated in the research, design, engineering, public education, or promotion of the assessment, the ballots shall be unsealed and tabulated in public view at the conclusion of the hearing so as to permit all interested persons to meaningfully monitor the accuracy of the tabulation process.

(2) The governing body of the agency may, if necessary, continue the tabulation at a different time or location accessible to the public, provided the governing body announces the time and location at the hearing. The impartial person may use technological methods of tabulating the assessment ballots, including, but not limited to, punchcard or optically readable (bar-coded) assessment ballots. During and after the tabulation, the assessment ballots and the information used to determine the weight of each ballot shall be treated as disclosable public records, as defined in Section 6252, and equally available for inspection by the proponents and the opponents of the proposed assessment. The ballots shall be preserved for a minimum of two years, after which they may be destroyed as provided in Sections 26202, 34090, and 60201.

(3) In the event that more than one of the record owners of an identified parcel submits an assessment ballot, the amount of the proposed assessment to be imposed upon the identified parcel shall be allocated to each ballot submitted in proportion to the respective record ownership interests or, if the ownership interests are not shown on the record, as established to the satisfaction of the agency by documentation provided by those record owners.

(4) A majority protest exists if the assessment ballots submitted, and not withdrawn, in opposition to the proposed assessment exceed the assessment ballots submitted, and not withdrawn, in its favor, weighting those assessment ballots by the amount of the proposed assessment to be imposed upon the identified parcel for which each assessment ballot was submitted.

(5) If there is a majority protest against the imposition of a new assessment, or the extension of an existing assessment, or an increase in an existing assessment, the agency shall not impose, extend, or increase the assessment.

(6) The majority protest proceedings described in this subdivision shall not constitute an election or voting for purposes of Article II of the California Constitution or of the Elections Code.

53753.5. (a) If an agency has complied with the notice, protest, and hearing requirements of Section 53753, or if an agency is not required to comply with those requirements because the assessment is exempt from the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution, then those requirements shall not apply in subsequent fiscal years unless the assessment methodology is changed to increase the assessment, or the amount of that assessment is proposed to exceed an assessment formula or range of assessments

adopted by an agency in accordance with Article XIII D of the California Constitution or Section 53753.

(b) Notwithstanding subdivision (a), the following assessments existing on the effective date of Article XIII D of the California Constitution shall be exempt from the procedures and approval process set forth in Section 4 of that article:

(1) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, or vector control.

(2) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed.

(3) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(4) Any assessment that previously received majority voter approval from the voters voting in an election on the issue of the assessment.

Any subsequent increases in an assessment listed in paragraph (1), (2), or (4) shall be subject to the procedures and approval process set forth in Section 4 of Article XIII D of the California Constitution.

(c) For purposes of this section, the following words and phrases shall have the following meanings:

(1) "Assessments existing on the effective date of Article XIII D of the California Constitution" means assessments levied by the legislative body of the agency on or before November 6, 1996.

(2) "Procedures and approval process set forth in Section 4 of Article XIII D" means all of the requirements set forth in Section 4 of Article XIII D of the California Constitution, including, but not limited to, the requirement to separate general and special benefits and the requirement to assess parcels that are owned or used by an agency, the State of California, or the United States of America.

53754. (a) The legislative body collecting assessment installments to secure bonds issued pursuant to the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code) shall designate an office, department, or bureau of the local agency that shall be responsible for annually preparing the current tax roll of assessment installment obligations by assessor's parcel number on property within the assessment district. The designated office, department, or bureau shall be the same office, department, or bureau that prepares the "NOTICE OF SPECIAL TAX" required by Section 53340.2. If notice is required under both this section and Section 53340.2, the notices shall, to the extent feasible, be combined into a single notice document. The designated office, department, or bureau shall establish procedures to promptly respond to inquiries concerning

installments on the current tax roll. Neither the designated office, department, or bureau, nor the legislative body, shall be liable if any estimate of assessment installments on the current tax roll is inaccurate, nor for any failure of any seller to request a Notice of Special Assessment or to provide the notice to a buyer.

(b) For purposes of enabling sellers of real property subject to the levy of assessments to satisfy the notice requirements of subdivision (b) of Section 1102.6 of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Assessment to any individual requesting the notice or any owner of property subject to an assessment levied by the local agency within five working days of receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars ($10).

(c) The notice shall contain the heading "NOTICE OF SPECIAL ASSESSMENT" in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately present the required information or to consolidate information about two or more assessment districts that collect installments of assessments with respect to the lot, parcel, or unit. The notice shall be completed by the designated office, department, or bureau except for the signatures and date of signing:

NOTICE OF SPECIAL ASSESSMENT

ASSESSMENT DISTRICT NO. _____ OF (CITY) (COUNTY) (SPECIAL DISTRICT), CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

Assessor's Parcel Number: _____ Street Address: _____

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING THIS PROPERTY.

This property is within the above-named assessment district. The assessment district has issued bonds to finance the acquisition or construction of certain public improvements that are of direct and special benefit to property within the assessment district. The bonds will be repaid from annual assessment installments on property within the assessment district. This property is subject to annual assessment installments of the assessment district that will appear on your property tax bills, but which are in addition to the regular property taxes and any other charges and levies that will be listed on the property tax bill. If you fail to pay assessment installments when due each year, the property may be foreclosed upon and sold.

The annual assessment installment against this property as shown on the most recent tax bill for the ____-____ tax year is ____ dollars ($____).

Assessment installments will be collected each year until the assessment bonds are repaid.

The public facilities that are being paid for by the money received from the sale of bonds that

are being repaid by the assessments, are (LIST)

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

YOU SHOULD TAKE THIS ASSESSMENT AND THE BENEFITS FROM THE PUBLIC FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

YOU MAY OBTAIN A COPY OF THE RESOLUTION CONFIRMING ASSESSMENTS THAT SPECIFIES MORE PRECISELY HOW THE ASSESSMENTS ARE APPORTIONED AMONG PROPERTIES IN THE ASSESSMENT DISTRICT FROM THE ____ (name of jurisdiction) BY CALLING ____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED A COPY OF THIS NOTICE. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT AFTER RECEIVING THIS NOTICE FROM THE OWNER OR AGENT SELLING THE PROPERTY. THE CONTRACT MAY BE TERMINATED WITHIN THREE DAYS IF THE NOTICE WAS RECEIVED IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER OR AGENT SELLING THE PROPERTY.

DATE:_____

_____

Buyer

_____

Buyer

53755. (a) (1) The notice required by paragraph (1) of subdivision (a) of Section 6 of Article XIII D of the California Constitution of a proposed increase of an existing fee or charge for a property-related service being provided to a parcel may be given by including it in the agency's regular billing statement for the fee or charge or by any other mailing by the agency to the address to which the agency customarily mails the billing statement for the fee or charge.

(2) The notice required by paragraph (1) of subdivision (a) of Section 6 of Article XIII D of the California Constitution of a proposed new fee or charge may be given in the manner authorized for notice of an increase of a fee or charge if the agency is currently providing an existing property-related service to the address.

(3) If the agency desires to preserve any authority it may have to record or enforce a lien on the parcel to which service is provided, the agency shall also mail notice to the record owner's address shown on the last equalized assessment roll if that address is different than the billing or service address.

(b) One written protest per parcel, filed by an owner or tenant of the parcel, shall be counted in calculating a majority protest to a proposed new or increased fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution.

(c) Any agency that bills, collects, and remits a fee or charge on behalf of another agency may provide the notice required by Section 6 of Article XIII D of the California Constitution on behalf of the other agency.

53755.5. When an agency proposes to impose or increase any fee or charge subject to Section 6 of Article XIII D of the California Constitution that is not exempt from the requirements of subdivision (c) of Section 6 of Article XIII D of the California Constitution, the following procedures, in addition to any other procedures adopted by the agency pursuant to subdivision (c) of Section 6 of Article XIII D of the California Constitution, shall apply to the election:

(a) If the agency opts to submit the proposed fee or charge for approval by a two-thirds vote of the registered voters residing in the affected area, the election shall be conducted by the agency's elections official or his or her designee. If the election is conducted by the county elections official, the agency, if other than the county, shall reimburse the county for the actual and reasonable costs incurred by the county elections official in conducting the election.

(b) If the agency opts to submit the proposed fee or charge for approval by a majority vote of the property owners who will be subject to the fee or charge, then in addition to the procedures set forth in Section 6 of Article XIII D of the California Constitution, the following procedures shall apply to the election:

(1) On the face of the envelope in which the notice of election and ballot are mailed, there shall appear in substantially the following form in no smaller than 16-point bold type: "OFFICIAL BALLOT ENCLOSED." Below that, an agency may repeat the phrase "OFFICIAL BALLOT ENCLOSED" in a language or languages other than English.

(2) The ballot shall include the agency's address for return of the ballot, the date and location where the ballots will be tabulated, and a place where the person returning it may indicate his or her name, a reasonable identification of the parcel, and his or her support or opposition to the proposed fee. The ballots shall be tabulated in a location accessible to the public. The ballot shall be in a form that conceals its content once it is sealed by the person submitting it. The ballot shall remain sealed until the ballot tabulation pursuant to paragraph (3) commences.

(3) An impartial person designated by the agency who does not have a vested interest in the outcome of the proposed fee shall tabulate the ballots submitted in support of or opposition to the proposed fee. For the purposes of this section, an impartial person includes, but is not limited to, the clerk of the agency. If the agency uses agency personnel for the ballot tabulation, or if the agency contracts with a vendor for the ballot tabulation and the vendor or its affiliates participated in the research, design, engineering, public education, or promotion of the fee, the ballots shall be unsealed and tabulated in public view to permit all interested persons to meaningfully monitor the accuracy of the tabulation process.

(4) The ballot tabulation may be continued to a different time or different location accessible to the public, provided that the time and location are announced at the location at which the tabulation commenced and posted by the agency in a location accessible to the public. The impartial person may use technological methods to tabulate the ballots, including, but not limited to, punchcard or optically readable (bar-coded) ballots. During and after the tabulation, the ballots and, if applicable, the information used to determine the weight of each ballot, shall be treated as public records, as defined in Section 6252, subject to public disclosure and made available for inspection by any interested person. The ballots shall be preserved for a minimum of two years, after which they may be destroyed as provided in Sections 26202, 34090, and 60201.

(c) The proceedings described in subdivision (b) shall not constitute an election or voting for purposes of Article II of the California Constitution or of the Elections Code.

53756. An agency providing water, wastewater, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation, if it complies with all of the following:

(a) It adopts the schedule of fees or charges for a property-related service for a period not to exceed five years pursuant to Section 53755.

(b) The schedule of fees or charges may include a schedule of adjustments, including a clearly defined formula for adjusting for inflation. Any inflation adjustment to a fee or charge for a property-related service shall not exceed the cost of providing that service.

(c) The schedule of fees or charges for an agency that purchases wholesale water, sewage treatment, or wastewater treatment from a public agency may provide for automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water, sewage treatment, or wastewater treatment established by the other agency.

(d) Notice of any adjustment pursuant to the schedule shall be given pursuant to subdivision (a) of Section 53755, not less than 30 days before the effective date of the adjustment.

General Obligation Bonds

29900 Any county may issue funding or refunding bonds pursuant to this chapter for the following purposes:

(a) To refund any outstanding county indebtedness, evidenced by bonds or warrants.

(b) For any purposes for which the board of supervisors is authorized to expend the funds of the county.

(c) For the purpose of building or constructing roads, bridges, or highways.

29900.5. (a) A county may also issue bonds pursuant to this chapter for the purpose of seismic strengthening of unreinforced buildings and other buildings. Proceeds of

bonds authorized pursuant to this section may be used to make loans to public entities or owners of private buildings. Loans shall satisfy all of the following:

(1) Any loan used to finance seismic strengthening of a residential structure containing units rented by households specified in Section 50079.5 of the Health and Safety Code before strengthening shall be subject to a regulatory agreement which will ensure that the number of those units in the structure will not be reduced and will remain available at affordable rents pursuant to Section 50053 of the Health and Safety Code as long as any portion of the loan is unpaid.

(2) All seismic strengthening financed with any loan funded pursuant to this section shall be in accordance with a plan developed for the structure by a registered civil engineer or a licensed architect, or approved by a county building official, one of whom shall certify that the work funded is necessary for seismic safety reasons, or is otherwise legally required for completion of the work or occupancy of the building. In no event shall any loan funded pursuant to this section finance the destruction of any existing building or the construction of any new building.

(3) Any amount received in payment of interest on or to repay principal on any loan made pursuant to this section shall be used to pay debt service on bonds authorized pursuant to this section, or shall be used to fund additional loans for seismic strengthening, except that the provisions of this paragraph shall not apply after the bonds, including any bonds issued to refund the bonds, are fully repaid.

(4) Loans made pursuant to this section shall constitute liens in favor of the county when recorded by the county recorder of the county in which the real property is located. The lien shall contain the legal description of the real property, the assessor's parcel number, and the name of the owner of record as shown on the latest equalized assessment roll.

(5) The board of supervisors may specify the interest rate, term, and other provisions of any loan made pursuant to this section.

(6) A county may issue bonds and make loans pursuant to this section only if the county has completed an inventory of unreinforced masonry structures within its jurisdiction and has adopted a mitigation ordinance pursuant to Section 8875.2 or Section 19163 of the Health and Safety Code. The county shall establish criteria, terms, and conditions to identify eligible buildings.

(b) The board of supervisors is authorized to expend the proceeds of bonds authorized by this section to make loans pursuant to this section. The board of supervisors shall declare in the bond proposition that loans made from bond proceeds pursuant to this section to owners of private buildings for seismic strengthening of unreinforced buildings or other buildings constitute a public purpose resulting in a public benefit. Loans made pursuant to this section shall not be construed to be gifts of public funds in violation of Section 6 of Article XVI of the California Constitution.

(c) Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(d) The Legislature hereby declares that loans made from bond proceeds pursuant to this section to owners of private buildings for seismic strengthening of unreinforced buildings or other buildings constitute a public purpose resulting in a public benefit.

29901. The board of supervisors shall adopt an order calling and providing for a bond election, which order shall state:

(a) The purpose or purposes for which the indebtedness is to be incurred.

(b) The amount of bonds proposed to be issued.

(c) The maximum rate of interest.

(d) The date of the election.

(e) The manner of holding the election and the procedure for voting for or against the proposition.

29901.5. All or any part of the proceeds of the bonds may be contributed or paid to any agency, board, commission or entity constituted or provided for by agreement under or pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code, if the board of supervisors shall find that such contribution will effectuate a purpose stated in the bond proposition and will be in aid of a purpose which will materially benefit and serve the general county interest and that the public interest, convenience, and neccessity of the county as a whole requires the contribution to be made by the county.

29902. The board of supervisors shall provide for submitting the question of the issuance of the bonds to the qualified electors of the county at the next general election or at a special election to be called by it for that purpose.

29903. The words "Bonds--Yes," and "Bonds--No," or words of similar import shall appear on the ballot adjacent to each bond proposition.

29904. Several separate propositions may be submitted at the same election, and any single proposition may include one or more purposes.

29905. A special election may be held as provided in this article. Only qualified voters of the county may vote. The election shall be held as nearly as practicable in conformity with the general election law of the State. The board of supervisors may form bond election precincts by adopting the precincts established for general election purposes or by consolidating precincts inside of cities and towns, to a number not exceeding six in each bond election precinct, and shall appoint only one inspector, two judges, and one clerk for each bond election precinct.

29906. The order calling and providing for a bond election shall be published in one or more newspapers published in the county once a week for at least four weeks. If no newspaper is published in the county, copies of the order shall be conspicuously posted in five public

places in the county at least 14 days before the election. No other notice of such election need be given.

29907.5. Article 3 (commencing with Section 9160) of Chapter 2 of Division 9 of the Elections Code, relating to arguments concerning county measures, are applicable to this chapter.

29908. If two-thirds of the electors voting on a proposition vote in favor of it, the bonds in an amount not exceeding that specified in said proposition may be issued. When two or more propositions are submitted at the same election, the votes cast for and against each proposition shall be separately counted.

29909. The total amount of bonded indebtedness shall not at any time exceed 5 percent of the taxable property of the county as shown by the last equalized assessment roll. If water conservation, flood control, irrigation, reclamation, or drainage works, improvements, or purposes, or the construction of select county roads is included in any proposition submitted, the total amount of bonded indebtedness may exceed 5 percent but shall not exceed 15 percent of the taxable property of the county as shown by the last equalized assessment roll.

29910. If the issuance of the bonds is authorized at said election, the board may thereafter adopt a resolution or resolutions providing for the issuance of all or any part of the bonds authorized at said election. Said resolution shall prescribe the form of the bond and attached interest coupons, and fix the time or times of maturity of the bonds.

29910.1. The board may divide the principal amount of any issue 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; provided, that the earliest maturity of each issue or series, as the case may be, shall not be more than two years from the date of the bonds of said issue or series. The final maturity date of any bond shall not exceed 40 years from the date of the bond. Every year beginning with the date of the earliest maturity of each issue or series of bonds, as the case may be, not less than one-fortieth of the whole of the indebtedness evidenced by such issue or such series shall be payable; provided, however, the bonds of any issue or series irrespective of the purpose for which the same are to be issued may be made to mature and become payable in approximately equal total annual installments of interest and principal, during the term of the bonds computed from the first year in which any part of the principal shall mature to the date of final maturity which annual installments may vary one from another in amounts not exceeding in any year more than 5 percent of the total principal amount of the bonds of such issue or of the series thereof then proposed to be issued.

29910.2. When the issuance of bonds shall have been authorized pursuant to two or more propositions submitted at the same or different elections, all or any part of said bonds not theretofore issued may be combined and issued and sold as a single issue or series.

29911. In the resolution providing for the issuance of the bonds, the board may provide for the call and redemption of all or any part of the bonds on any interest payment date prior to their fixed maturity, at their par value plus a specified premium, if any, and accrued interest.

The bonds to be called for redemption prior to maturity shall be selected in such manner as the board may provide in said resolution. If a bond is subject to call and redemption a statement to that effect shall be set forth on the face of the bond.

29912. Notice of redemption shall be published at such time and in such manner as the board may provide in the resolution providing for the issuance of the bonds.

29913. If funds are made available for the payment of the principal, interest, and premium on the bonds called, the interest on the bonds shall cease after the date fixed for redemption.

29914. The bonds may be issued in such denomination or denominations as the board of supervisors may prescribe.

29915. The principal and interest shall be payable in lawful money of the United States, either at the treasury of the county or at such place within the United States as the board designates, or both at the treasury or the designated place at the option of the bondholder.

29916. Interest on the bonds shall not exceed 8 percent per annum, payable semiannually, except that interest for the first year after the date of the bonds may be made payable at the end of said year.

29917. (a) The bonds shall be signed by the chairperson of the board of supervisors or by any other member thereof as the board of supervisors shall, by resolution adopted by a four-fifths vote of all its members, authorize and designate for that purpose, and also signed by the treasurer of the county, and shall be countersigned by the clerk thereof. All the signatures and countersignatures may be printed, lithographed, engraved, or otherwise mechanically reproduced except that one of the signatures or countersignatures to the bonds shall be manually affixed. Any signature may be affixed in accordance with the provisions of the Uniform Facsimile Signatures of Public Officials Act, Chapter 6 (commencing with Section 5500) of Division 6 of Title 1 of the Government Code.

(b) Notwithstanding subdivision (a), the board of supervisors may, in its discretion, determine that all of the required signatures and countersignatures shall be by facsimiles, provided however that the bonds shall not be valid or become obligatory for any purpose until manually signed by an authenticating agent duly appointed by the board or its authorized designee.

29918. The bonds shall be sold at the times, in the amounts, and in the manner prescribed by the board, but for not less than par.

29919. At its option the board may use the following form of bond:

"No._____ $ _____

United States of America

County of _____

State of California

The County of ____, State of California, hereby acknowledges itself indebted and promises to pay the bearer hereof, on the ____ day of ____, one thousand nine hundred ____ (here insert the date of maturity), the sum of ____ dollars in lawful money of the United States, with interest

thereon in like lawful money, at the rate of ____ percent a year, payable at ____ semiannually (or annually) on the first day of ____, and ____ (or on the first day of ____ if interest payable annually), on presentation and surrender of the interest coupon hereto attached.

(Here insert provision for call and redemption if board elects to make bonds callable.)

This bond is issued by the board of supervisors of the County of ____, State of California, in strict compliance with Article 1, Chapter 6, Division 3, Title 3, of the Government Code of the State of California, and in pursuance of an order of the board duly made on the ____ day of ____, 19___, and with the assent of two-thirds of the qualified electors of the county voting at an election legally called and duly held for that purpose on the ____ day of ____, 19___.

And it is hereby certified and recited that the bonded indebtedness of this county, including this bond, does not exceed ____ percent of the taxable property thereof, as shown by the last equalized assessment roll of the county, and that provision has been made for the collection of an annual tax sufficient to pay the interest on this indebtedness as it falls due and to constitute a sinking fund for the payment of the indebtedness at or before maturity.

In witness whereof, the county, by its board of supervisors, has caused this bond to be signed by the chairman of the board of supervisors, and attested by the county auditor, and the seal of the board of supervisors to be hereto attached, this ____ day of ____, 19___.

_____

Chairman of board of supervisors.

Attest: , County Auditor."

29920. The interest coupon may be in the following form:

"The County of ____, State of California, hereby promises to pay to the holder hereof, on the ____ day of ____, 19___, at ____ in ____, $____ in lawful money of the United States, for interest on its county bond, No._____.

_____,

_____, County

Auditor."

29921. All premiums and accrued interest received shall be placed in the fund to be used for the payment of principal of and interest on the bonds, and the remainder of the proceeds of the bonds shall be placed in the treasury to the credit of the proper improvement fund and

applied exclusively to the purpose and object recited in the proposition; provided, however, that when said purpose and object have been accomplished any moneys remaining in such improvement fund shall be transferred to the fund to be used for the payment of principal of and interest on the bonds. When such purpose and object have been accomplished and all principal and interest on the bonds have been paid, any balance of money then remaining shall be transferred to the General Fund.

29922. At the time of making the next general tax levy after incurring the bonded indebtedness, and annually thereafter until all of the bonds are paid or until there is a sum in the treasury set apart for that purpose sufficient to meet all principal and interest on the bonds, the board shall levy a tax for that year upon the taxable property of the county for the interest and redemption of the bonds.

29923. The tax for interest and redemption of bonds shall be in addition to all other taxes, and shall not be less than sufficient to pay the interest on the bonds and such portion of the principal, if any, as is to become due before the time for making the next general tax levy. It shall also be sufficient to constitute a sinking fund for the payment of the principal of the bonds on or before maturity. The board shall provide for the levy of an annual tax sufficient to effect the objects of this section either in the resolution providing for the issuance of the bonds or in an ordinance adopted before or at the time of issuing the bonds.

29924. When collected the tax shall be paid into the treasury of the county and used solely to pay the interest and principal of the bonds as they become due.

29924.5. (a) Prior to the issuance by a county of bonds pursuant to this chapter, the board may elect, by resolution, to guarantee payment on outstanding bonds of the county issued pursuant to this chapter in accordance with the following:

(1) A county that elects to participate under this section 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 bond trustee appointed by the county for the purposes of this section.

(2) In the event that, for any reason, the amount of property tax revenues made available pursuant to this article 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, the county shall so notify the bond trustee. The bond trustee shall immediately communicate that information to the affected bondholder or bondholders and to the Controller.

(3) When the Controller receives notice from the trustee as described in paragraph (2), or the amount of property tax revenues 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 bond 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 that 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 the county would otherwise be entitled under that chapter.

(4) A county shall be entitled to reimbursement, from tax revenues collected pursuant to this article, in an amount equal to the amount by which its allocation or allocations under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2 of the Revenue and Taxation Code are reduced pursuant to subdivision (c).

(b) This section shall not be construed to obligate the State of California to make any payment to a 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 a county, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by a county in accordance with this section.

29925. If the board fails to make the levy necessary to pay the bond or interest coupons at maturity and any bond or interest coupon is presented to the treasurer and payment is refused, the owner may file the bond, together with all unpaid coupons, with the State Controller, taking his receipt therefor. The bonds shall be registered in the State Controller's office and the State Board of Equalization shall, at its next session and at each annual equalization thereafter, add to the state tax to be levied in the county a sufficient rate to realize the amount of principal or interest past due and to become due prior to the next levy.

29926. The tax shall be levied and collected as a part of the state tax and paid into the State Treasury and passed to the special credit of the county as a bond tax.

29927. The payments shall be made, as they mature, by warrants to the holder of the registered obligations, as shown by the register in the office of the State Controller, until the obligations are fully satisfied and discharged, and any balance then remaining shall be passed to the general account and credit of the county.

29928. If any officer whose signature, counter-signature, or attestation appears on any county bond or coupon ceases to be such officer before the delivery of the bonds to the purchasers, the signature, counter-signature, or attestation appearing either on the bonds or the coupons, or on both, is valid and sufficient for all purposes to the same extent as if the officer had remained in the office until the delivery of the bonds. The signature upon the coupons of the person who is auditor or treasurer at the date of the bonds is valid although the bonds themselves are attested by a different person who is auditor or treasurer at the time of their delivery.

29929. The board may contract a bonded indebtedness for county purposes only as provided in this chapter.

29930. When the board of supervisors deems it in the best interests of the county, it may authorize the county treasurer, upon such terms and conditions as may be fixed by the

board of supervisors, to issue notes, on a competitive-bid basis, maturing within a period not to exceed one year, in anticipation of the sale of bonds duly authorized at the time such notes are issued. The proceeds from the sale of such notes shall be used only for the purposes for which may be used the proceeds of the sale of bonds in anticipation whereof the notes were issued.

All notes issued and any renewal thereof shall be payable at a fixed time, solely from the proceeds of the sale of the bonds and not otherwise, except that in the event that the sale of the bonds shall not have occurred prior to the maturity of the notes issued in anticipation of the sale, the county treasurer shall, in order to meet the notes then maturing, issue renewal notes for such purpose. No renewal of a note shall be issued after the sale of bonds in anticipation of which the original note was issued. There shall be only one renewal of such note or notes.

Every note and any renewal thereof shall be payable from the proceeds of the sale of bonds and not otherwise. The total amount of such notes or renewals thereof issued and outstanding shall at no time exceed the total amount of the unsold bonds.

Interest on the notes shall be payable from proceeds of the sale of bonds.

County Alternate Procedures

53506 (a) This article is full authority for the issuance of bonds or refunding bonds by any city, county, city and county, school district, community college district, or special district, secured by the levy of ad valorem taxes, authorized in accordance with the Constitution and, in the case of a chartered city, county, or city and county, with the charter thereof, or in the case of a special district, with the district's principal act.

(b) This article is intended to provide a complete additional and alternative method for doing the things authorized by this article. The powers conferred by this article are supplemental and additional to the powers conferred by any other laws, and the limitations imposed by this article do not affect the powers conferred by any other law.

53506.5. This article shall be liberally construed to promote its objectives. If inconsistent with any other law, this article shall be controlling.

53507. As used in this article, the following terms shall have the meanings assigned to them in this section.

(a) "Bonds" means bonds, notes, warrants, or other evidence of indebtedness payable, both principal and interest, from the proceeds of ad valorem taxes that may be levied without limitation as to rate or amount upon property subject to taxation by the legislative body.

(b) "Issuer" means a city, county, city and county, school district, community college district, or special district, secured by the levy of ad valorem taxes, authorized to issue bonds pursuant to this article.

(c) "Legislative body" means the governing body of the issuer.

53507.5. (a) The legislative body may, by resolution, provide for the issuance of bonds pursuant to this article.

(b) The resolution shall state that the bonds are being issued pursuant to this article.

53508. The resolution authorizing any bonds or any issue of bonds may provide for any of the following:

(a) The form of the bonds to be issued as serial bonds, or sinking fund bonds, with serial or term maturities, or any combination thereof.

(b) The number of series in which the bonds are to be issued.

(c) The form of the bonds as coupon, registered, or book entry.

(d) The interest on the bonds, either fixed or variable, and the interest rate or rates, payable at the times and in the manner specified therein, and whether all or part of any series of the bonds shall be issued as zero coupon or capital appreciation bonds; provided, however, that under no conditions may the annual interest rate, whether fixed or variable, exceed the maximum rate permitted by Section 53531 or 53532.

(e) The time, medium, and place or places of payment.

(f) The time or times of maturity of the bonds, not exceeding 40 years from their respective dates.

(g) The date or dates to be borne by the bonds of each series.

(h) The denomination of the bonds.

(i) The registration and conversion privileges of the bonds.

(j) The manner in which the bonds are to be executed.

(k) The terms of redemption, with or without premium.

(l) Other terms and conditions of the bonds and of their execution, issuance, and sale deemed necessary and appropriate by the legislative body.

53508.3. (a) No bond shall be subject to mandatory tender for purchase or redemption prior to its fixed maturity date unless it contains a recital to that effect.

(b) Any bond protected by its terms or by the terms of this section from mandatory tender for purchase or redemption prior to its fixed maturity date or for a specified period of time after issuance, may specify terms upon which the issuer may sell or transfer its right to require the bond to be tendered for purchase or redemption prior to its fixed maturity date.

53508.6. Notwithstanding any other law, a school district or community college district may, pursuant to this article, issue bonds that do not allow for the compounding of interest and that have a maturity greater than 30 years, but not greater than 40 years, if the school district or community college district does both of the following:

(a) Complies with the requirements of subdivisions (b) and (c) of Section 15146 of the Education Code.

(b) Makes a finding that the useful life of the facility financed with the bonds that do not allow for the compounding of interest and that have a maturity greater than 30 years, but not greater than 40 years, equals or exceeds the maturity date of those bonds.

(Added by Stats. 2013, Ch. 477, Sec. 7. Effective January 1, 2014.)

53508.7. (a) The bonds shall be sold at a public or private sale and at a price at, above, or below par, as the legislative body determines.

(b) Any bonds sold at a discount below the par value of the bonds shall be sold in compliance with the provisions of Section 53532.

(c) The private sale of bonds is limited to the sale of school districts' and community college districts' bonds pursuant to Sections 15140 or 15146 of the Education Code.

53508.9. (a) Notwithstanding Section 53508.7, a local agency may sell bonds at a negotiated sale for a price at, above, or below par value, as authorized by the legislative body, without further approval, if the legislative body adopts a resolution before the negotiated sale, as an agenda item at a public meeting, that includes all of the following:

(1) Express approval of the negotiated method of sale.

(2) Statement of the reasons for selecting the negotiated method of sale.

(3) Disclosure of the identity of the bond counsel.

(4) Disclosure of the identity of the bond underwriter and the financial adviser, if used for the negotiated bond sale. If a bond underwriter or financial adviser has not been selected at the time the legislative body adopts the resolution, the legislative body shall disclose the identity at the public meeting first occurring after the bond underwriter or financial adviser has been selected.

(5) Estimate of the costs associated with the bond issuance.

(b) For purposes of this section, the following definitions shall apply:

(1) "Legislative body" means the governing body of a local agency.

(2) "Local agency" means a city, county, city and county, and special district. "Special district" means an agency of the state formed for the performance of governmental or proprietary functions within limited geographic boundaries, and shall not include a school district or community college district.

53509. (a) Any bond issued under the authority of this article may be refunded pursuant to this or any other applicable law. Any bond may be refunded pursuant to this article regardless of whether the bond or the legislation under which its issuance was authorized explicitly provides that the bond may be refunded.

(b) Refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded. Subject to that limitation, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

53509.3. Nothing in this article shall limit the authority of the legislative body to enter into any contract in connection with the issuance of the bonds which it is permitted by Section 5922 to enter into.

53509.5. After the sale of bonds issued under the authority of this article, the legislative body shall do both of the following:

(a) Present actual cost information for the sale at its next scheduled public meeting.

(b) Submit an itemized summary of the costs of the bond sale to the California Debt and Investment Advisory Commission.

Joint Powers Authority Act

6500 As used in this article, "public agency" includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies.

6500.1. This chapter shall be known and may be cited as the Joint Exercise of Powers Act.

6501. This article does not authorize any state officer, board, commission, department, or other state agency or institution to make any agreement without the approval of the Department of General Services or the Director of General Services if such approval is required by law.

6502. If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting agencies may be located outside this state.

It shall not be necessary that any power common to the contracting parties be exercisable by each such contracting party with respect to the geographical area in which such power is to be jointly exercised. For purposes of this section, two or more public agencies having the power to conduct agricultural, livestock, industrial, cultural, or other fairs or exhibitions shall be deemed to have common power with respect to any such fair or exhibition conducted by any one or more of such public agencies or by an entity created pursuant to a joint powers agreement entered into by such public agencies.

6502.5. In addition to any power common to its member districts, the Resource Conservation Energy Joint Powers Agency has the authority to finance, construct, install, and operate projects for the production of biogas and electricity from the digestion or fermentation of animal or agricultural waste. The agency may undertake these projects

within its jurisdiction or outside its jurisdiction. The authority to undertake projects outside the jurisdiction of the agency is limited to the geographical areas of Fresno, Kings, Madera, Merced, San Joaquin, and Tulare Counties.

Prior to undertaking a project authorized by this section outside the jurisdiction of the agency, the agency shall obtain approval of the board of supervisors of the county in which the project is to be located.

6502.7. (a) If authorized by their legislative or other governing bodies, two or more public agencies which have the authority to identify, plan for, monitor, control, regulate, dispose of, or abate liquid, toxic, or hazardous wastes or hazardous materials may, by agreement, jointly exercise any of these powers common to the contracting parties.

(b) The contracting parties may provide special services, including persons specially trained, experienced, expert, and competent to perform these special services.

(c) The provisions of this section are declaratory of existing law and do not limit any authority which already exists.

6503. The agreements shall state the purpose of the agreement or the power to be exercised. They shall provide for the method by which the purpose will be accomplished or the manner in which the power will be exercised.

6503.1. (a) When property tax revenues of a county of the second class are allocated by that county to an agency formed for the purpose of providing fire protection pursuant to this chapter, those funds may only be appropriated for expenditure by that agency for fire protection purposes.

(b) As used in this section, "fire protection purposes" means those purposes directly related to, and in furtherance of, providing fire prevention, fire suppression, emergency medical services, hazardous materials response, ambulance transport, disaster preparedness, rescue services, and related administrative costs.

(c) This section shall not be interpreted to alter any provision of law governing the processes by which cities or counties select providers of ambulance transport services.

6503.5. Whenever a joint powers agreement provides for the creation of an agency or entity that is separate from the parties to the agreement and is responsible for the administration of the agreement, such agency or entity shall, within 30 days after the effective date of the agreement or amendment thereto, cause a notice of the agreement or amendment to be prepared and filed with the office of the Secretary of State. The agency or entity shall furnish an additional copy of the notice of the agreement or amendment to the Secretary of State, who shall forward the copy to the Controller. The notice shall contain:

(a) The name of each public agency that is a party to the agreement.

(b) The date that the agreement became effective.

(c) A statement of the purpose of the agreement or the power to be exercised.

(d) A description of the amendment or amendments made to the agreement, if any.

Notwithstanding any other provision of this chapter, any agency or entity administering a joint powers agreement or amendment to such an agreement, which agreement or amendment becomes effective on or after the effective date of this section, which fails to file the notice required by this section within 30 days after the effective date of the agreement or amendment, shall not thereafter, and until such filings are completed, issue any bonds or incur indebtedness of any kind.

6503.6. Whenever an agency or entity files a notice of agreement or amendment with the office of the Secretary of State pursuant to Section 6503.5, the agency or entity shall file a copy of the full text of the original joint powers agreement, and any amendments to the agreement, with the Controller.

6503.7. Within 90 days after the effective date of this section, any separate agency or entity constituted pursuant to a joint powers agreement entered into prior to the effective date of this section and responsible for the administration of the agreement shall cause a notice of the agreement to be prepared and filed with the office of the Secretary of State. The agency or entity shall also furnish an additional copy of the notice of the agreement to the Secretary of State who shall forward the copy to the Controller. The notice shall contain all the information required for notice given pursuant to Section 6503.5.

Notwithstanding any other provision of this chapter, any joint powers agency that is required and fails to file notice pursuant to this section within 90 days after the effective date of this section shall not, thereafter, and until such filings are completed, issue any bonds, incur any debts, liabilities or obligations of any kind, or in any other way exercise any of its powers.

For purposes of recovering the costs incurred in filing and processing the notices required to be filed pursuant to this section and Section 6503.5, the Secretary of State may establish a schedule of fees. Such fees shall be collected by the office of the Secretary of State at the time the notices are filed and shall not exceed the reasonably anticipated cost to the Secretary of State of performing the work to which the fees relate.

6504. The parties to the agreement may provide that (a) contributions from the treasuries may be made for the purpose set forth in the agreement, (b) payments of public funds may be made to defray the cost of such purpose, (c) advances of public funds may be made for the purpose set forth in the agreement, such advances to be repaid as provided in said agreement, or (d) personnel, equipment or property of one or more of the parties to the agreement may be used in lieu of other contributions or advances. The funds may be paid to and disbursed by the agency or entity agreed upon, which may include a nonprofit corporation designated by the agreement to administer or execute the agreement for the parties to the agreement.

6505. (a) The agreement shall provide for strict accountability of all funds and report of all receipts and disbursements.

(b) In addition, and provided a separate agency or entity is created, the public officer performing the functions of auditor or controller as determined pursuant to Section

6505.5, shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every agency or entity, except that the officer need not make or contract for the audit in any case where an annual audit of the accounts and records of the agency or entity by a certified public accountant or public accountant is otherwise made by any agency of the state or the United States only as to those accounts and records which are directly subject to such a federal or state audit. In each case the minimum requirements of the audit shall be those prescribed by the Controller for special districts under Section 26909 and shall conform to generally accepted auditing standards.

(c) When an audit of an account and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each of the contracting parties to the agreement and also with the county auditor of the county where the home office of the joint powers authority is located and shall be sent to any public agency or person in California that submits a written request to the joint powers authority. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(d) When a nonprofit corporation is designated by the agreement to administer or execute the agreement and no public officer is required to perform the functions of auditor or controller as determined pursuant to Section 6505.5, an audit of the accounts and records of the agreement shall be made at least once each year by a certified public accountant or public accountant, and a report thereof shall be filed as a public record with each of the contracting parties to the agreement and with the county auditor of the county where the home office of the joint powers authority is located, and shall be sent to any public agency or person in California that submits a written request to the joint powers authority. These reports shall be filed within 12 months after the end of the fiscal year or years under examination.

(e) Any costs of the audit, including contracts with, or employment of certified public accountants or public accountants, in making an audit pursuant to this section shall be borne by the agency or entity and shall be a charge against any unencumbered funds of the agency or entity available for the purpose.

(f) All agencies or entities may, by unanimous request of the governing body thereof, replace the annual special audit with an audit covering a two-year period.

(g) Notwithstanding the foregoing provisions of this section to the contrary, agencies or entities shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

6505.1. The contracting parties to an agreement made pursuant to this chapter shall designate the public office or officers or person or persons who have charge of, handle, or have access to any property of the agency or entity and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the contracting parties.

6505.5. If a separate agency or entity is created by the agreement, the agreement shall designate the treasurer of one of the contracting parties, or in lieu thereof, the county treasurer of a county in which one of the contracting parties is situated, or a certified public accountant to be the depositary and have custody of all the money of the agency or entity, from whatever source.

The treasurer or certified public accountant so designated shall do all of the following:

(a) Receive and receipt for all money of the agency or entity and place it in the treasury of the treasurer so designated to the credit of the agency or entity.

(b) Be responsible, upon his or her official bond, for the safekeeping and disbursement of all agency or entity money so held by him or her.

(c) Pay, when due, out of money of the agency or entity held by him or her, all sums payable on outstanding bonds and coupons of the agency or entity.

(d) Pay any other sums due from the agency or entity from agency or entity money, or any portion thereof, only upon warrants of the public officer performing the functions of auditor or controller who has been designated by the agreement.

(e) Verify and report in writing on the first day of July, October, January, and April of each year to the agency or entity and to the contracting parties to the agreement the amount of money he or she holds for the agency or entity, the amount of receipts since his or her last report, and the amount paid out since his or her last report.

The officer performing the functions of auditor or controller shall be of the same public agency as the treasurer designated as depositary pursuant to this section. However, where a certified public accountant has been designated as treasurer of the entity, the auditor of one of the contracting parties or of a county in which one of the contracting parties is located shall be designated as auditor of the entity. The auditor shall draw warrants to pay demands against the agency or entity when the demands have been approved by any person authorized to so approve in the agreement creating the agency or entity.

The governing body of the same public entity as the treasurer and auditor specified pursuant to this section shall determine charges to be made against the agency or entity for the services of the treasurer and auditor. However, where a certified public accountant has been designated as treasurer, the governing body of the same public entity as the auditor specified pursuant to this section shall determine charges to be made against the agency or entity for the services of the auditor.

6505.6. In lieu of the designation of a treasurer and auditor as set forth in Section 6505.5, the agency or entity may appoint one of its officers or employees to either or both of such positions. Such offices may be held by separate officers or employees or combined and held by one officer or employee. Such person or persons shall comply with the duties and responsibilities of the office or offices as set forth in subdivisions (a) to (d), inclusive, of Section 6505.5.

In the event the agency or entity designates its officers or employees to fill the functions of treasurer or auditor, or both, pursuant to this section, such officers or employees shall

cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505.

6506. The agency or entity provided by the agreement to administer or execute the agreement may be one or more of the parties to the agreement or a commission or board constituted pursuant to the agreement or a person, firm or corporation, including a nonprofit corporation, designated in the agreement. One or more of the parties may agree to provide all or a portion of the services to the other parties in the manner provided in the agreement. The parties may provide for the mutual exchange of services without payment of any consideration other than such services.

6507. For the purposes of this article, the agency is a public entity separate from the parties to the agreement.

6508. The agency shall possess the common power specified in the agreement and may exercise it in the manner or according to the method provided in the agreement. If the agency is not one or more of the parties to the agreement but is a public entity, commission or board constituted pursuant to the agreement and such agency is authorized, in its own name, to do any or all of the following: to make and enter contracts, or to employ agents and employees, or to acquire, construct, manage, maintain or operate any building, works or improvements, or to acquire, hold or dispose of property or to incur debts, liabilities or obligations, said agency shall have the power to sue and be sued in its own name. Any authorization pursuant to the agreement for the acquisition by the agency of property for the purposes of a project for the generation or transmission of electrical energy shall not include the condemnation of property owned or otherwise subject to use or control by any public utility within the state.

The governing body of any agency having the power to sue or be sued in its own name, created by an agreement entered into after the amendment to this section at the 1969 Regular Session of the Legislature, between parties composed exclusively of parties which are cities, counties, or public districts of this state, irrespective of whether all such parties fall within the same category, may as provided in such agreement, and in any ratio provided in the agreement, be composed exclusively of officials elected to one or more of the governing bodies of the parties to such agreement. Any existing agreement composed of parties which are cities, counties or public districts which creates a governing board of any agency having the power to sue or be sued may, at the option of the parties to the agreement, be amended to provide that the governing body of the created agency shall be composed exclusively of officials elected to one or more of the governing boards of the parties to such agreement in any ratio agreed to by the parties to the agreement. The governing body so created shall be empowered to delegate its functions to an advisory body or administrative entity for the purposes of program development, policy formulation, or program implementation, provided, however, that any annual budget of the agency to which the delegation is made must be approved by the governing body of the Joint Powers Agency.

In the event that such agency enters into further contracts, leases or other transactions with one or more of the parties to such agreement, an official elected to the governing body

of such party may also act in the capacity of a member of the governing body of such agency.

6508.1. If the agency is not one or more of the parties to the agreement but is a public entity, commission, or board constituted pursuant to the agreement, the debts, liabilities, and obligations of the agency shall be debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise.

A party to the agreement may separately contract for, or assume responsibility for, specific debts, liabilities, or obligations of the agency.

6509. Such power is subject to the restrictions upon the manner of exercising the power of one of the contracting parties, which party shall be designated by the agreement.

6509.5. Any separate agency or entity created pursuant to this chapter shall have the power to invest any money in the treasury pursuant to Section 6505.5 that is not required for the immediate necessities of the agency or entity, as the agency or entity determines is advisable, in the same manner and upon the same conditions as local agencies pursuant to Section 53601 of the Government Code.

If a nonprofit corporation is designated by the agreement to administer or execute the agreement for the parties to the agreement, it shall invest any moneys held for disbursement on behalf of the parties in the same manner and upon the same conditions as local agencies pursuant to Section 53601.

6509.6. Notwithstanding any other law, a joint powers authority created pursuant to this chapter may purchase or acquire, by sale, assignment, pledge, or other transfer from a local agency, and any local agency may sell, assign, pledge, or transfer to a joint powers authority any or all of that local agency's right, title, and interest in and to an assessment contract authorized by Chapter 29 (commencing with Section 5898.10) of Part 3 of Division 7 of the Streets and Highways Code, including any related lien, right, subsidy, or other right and receivable, and the enforcement and collection thereof, pursuant to any terms and conditions agreed to between the joint powers authority and the local agency.

6509.7. (a) Notwithstanding any other provision of law, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power. Funds invested pursuant to an agreement entered into under this section may be invested as authorized by subdivision (p) of Section 53601. A joint powers authority formed pursuant to this section may issue shares of beneficial interest to participating public agencies. Each share shall represent an equal proportionate interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares of beneficial interest shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o), inclusive, of Section 53601.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

(b) As used in this section, "public agency" includes a nonprofit corporation whose membership is confined to public agencies or public officials, in addition to those agencies listed in Section 6500.

6510. The agreement may be continued for a definite term or until rescinded or terminated. The agreement may provide for the method by which it may be rescinded or terminated by any party.

6511. The agreement shall provide for the disposition, division, or distribution of any property acquired as the result of the joint exercise of powers.

6512. The agreement shall provide that after the completion of its purpose, any surplus money on hand shall be returned in proportion to the contributions made.

6512.1. If the purpose set forth in the agreement is the acquisition, construction or operation of a revenue-producing facility, the agreement may provide (a) for the repayment or return to the parties of all or any part of any contributions, payments or advances made by the parties pursuant to Section 6504 and (b) for payment to the parties of any sum or sums derived from the revenues of said facilities. Payments, repayments or returns pursuant to this section shall be made at the time and in the manner specified in the agreement and may be made at any time on or prior to the rescission or termination of the agreement or the completion of the purpose of the agreement.

6512.2. If the purpose set forth in the agreement is to pool the self-insurance claims of two or more local public entities, the agreement may provide that termination by any party to the agreement shall not be construed as a completion of the purpose of the agreement and shall not require the repayment or return to the parties of all or any part of any contributions, payments, or advances made by the parties until the agreement is rescinded or terminated as to all parties. If the purpose set forth in the agreement is to pool the self-insurance claims of two or more local public entities, it shall not be considered an agreement for the purposes of Section 895.2, provided that the agency responsible for carrying out the agreement is a member of the pool and the pool purchases insurance or reinsurance to cover the activities of that agency in carrying out the purposes of the agreement. The agreement may provide that after the completion of its purpose, any surplus money remaining in the pool shall be returned in proportion to the contributions made and the claims or losses paid.

6513. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of officers, agents or employees of any such public agency when performing their respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this article.

6514. Any state department or agency concerned with the provisions of services or facilities to persons with intellectual disabilities and their families may enter into agreements under this chapter.

6514.5. Any public agency may enter into agreements with other state agencies pursuant to the provisions of Section 11256.

6515. In addition to other powers, any agency, commission or board provided for by a joint powers agreement entered into pursuant to Article 1 (commencing with Section 6500) of this chapter between an irrigation district and a city, if such entity has the power to acquire, construct, maintain or operate systems, plants, buildings, works and other facilities and property for the supplying of water for domestic, irrigation, sanitation, industrial, fire protection, recreation or any other public or private uses, may issue revenue bonds pursuant to the Revenue Bond Law of 1941 (commencing with Section 54300) to pay the cost and expenses of acquiring, constructing, improving and financing a project for any or all of such purposes.

Upon the entity adopting the resolution referred to in Article 3 (commencing with Section 54380) the irrigation district and the city shall implement the same by each conducting the election in its own territory. The proposition authorizing the bonds shall be deemed adopted if it receives the affirmative vote of a majority of all the voters voting on the proposition within the entity.

The provisions of this section shall be of no further force and effect after December 31, 1973, unless the entity is unable to accomplish the purpose of this section by reason of litigation, in which case this section shall continue to be effective until the final determination of such litigation and for one year thereafter.

6516. Public agencies conducting agricultural, livestock, industrial, cultural, or other types of fairs or exhibitions may enter into a joint powers agreement to form an insurance pooling arrangement for the payment of workers' compensation, unemployment compensation, tort liability, public liability, or other losses incurred by those agencies. An insurance and risk pooling arrangement formed in accordance with a joint powers agreement pursuant to this section is not subject to Section 11007.7 of the Government Code. The Department of Food and Agriculture may enter into such a joint powers agreement for the California Exposition and State Fair, district agricultural associations, or citrus fruit fairs, and the department shall have authority to contract with the California Exposition and State Fair, district agricultural associations, or citrus fruit fairs with respect to such a joint powers agreement entered into on behalf of the California Exposition and State Fair, district agricultural association, or citrus fruit fair. Any county contracting with a nonprofit corporation to conduct a fair pursuant to Sections 25905 and 25906 of the Government Code may enter into such a joint powers agreement for a fair conducted by the nonprofit corporation, and shall have authority to contract with a nonprofit corporation with respect to such a joint powers agreement entered into on behalf of the fair of the nonprofit corporation.

Any county contracting with a nonprofit corporation to conduct a fair shall assume all workers' compensation and liability obligations accrued prior to the dissolution or nonrenewal of the nonprofit corporation's contract with the county.

Any public entity entering into a joint powers agreement under this section shall establish or maintain a reserve fund to be used to pay losses incurred under the agreement. The reserve fund shall contain sufficient moneys to maintain the fund on an actuarially sound basis.

6516.3. Notwithstanding any other provision of law, a joint powers agency established in Orange County pursuant to a joint powers agreement in accordance with this chapter may issue bonds pursuant to Article 2 (commencing with Section 6540) of this chapter or Article 4 (commencing with Section 6584) of this chapter, in order to purchase obligations of local agencies or make loans to local agencies, which moneys the local agencies are hereby authorized to borrow, to finance the local agencies' unfunded actuarial pension liability or to purchase, or to make loans to finance the purchase of, any obligations arising out of any delinquent assessments or taxes levied on the secured roll by the local agencies, the county, or any other political subdivision of the state. Notwithstanding any other provision of law, including Section 53854 or subdivision (d) of Section 4705 of the Revenue and Taxation Code, the joint powers agency bonds and the local agency obligations or loans, if any, shall be repaid in the time, manner and amounts, with interest, security, and other terms as agreed to by the county or the local agency and the joint powers authority.

6516.5. Notwithstanding any other provision of law, a joint powers agency provided for by a joint powers agreement pursuant to Article 1 (commencing with Section 6500) of this chapter may create risk pooling arrangements for the payment of general liability losses incurred by participants and exhibitors in fair sponsored programs and special events users of fair facilities, provided that the aggregate payments made under each program shall not exceed the amount available in the pool established for that program.

6516.6. (a) Notwithstanding any other provision of law, a joint powers agency established pursuant to a joint powers agreement in accordance with this chapter may issue bonds pursuant to Article 2 (commencing with Section 6540) or Article 4 (commencing with Section 6584), in order to purchase obligations of local agencies or make loans to local agencies, which moneys the local agencies are hereby authorized to borrow, to finance the local agencies' unfunded actuarial pension liability or to purchase, or to make loans to finance the purchase of, delinquent assessments or taxes levied on the secured roll by the local agencies, the county, or any other political subdivision of the state. Notwithstanding any other provision of law, including Section 53854, the local agency obligations or loans, if any, shall be repaid in the time, manner and amounts, with interest, security, and other terms as agreed to by the local agency and the joint powers authority.

(b) Notwithstanding any other provision of law, a joint powers authority established pursuant to a joint powers agreement in accordance with this chapter may issue bonds pursuant to Article 2 (commencing with Section 6540) or Article 4 (commencing with Section 6584), in order to purchase or acquire, by sale, assignment, pledge, or other transfer, any or all right, title, and interest of any local agency in and to the enforcement and collection of delinquent and uncollected property taxes, assessments, and other receivables that have been levied by or on behalf of the local agency and placed for collection on the secured, unsecured, or

supplemental property tax rolls. Local agencies, including, cities, counties, cities and counties, school districts, redevelopment agencies, and all other special districts that are authorized by law to levy property taxes on the county tax rolls, are hereby authorized to sell, assign, pledge, or otherwise transfer to a joint powers authority any or all of their right, title, and interest in and to the enforcement and collection of delinquent and uncollected property taxes, assessments, and other receivables that have been levied by or on behalf of the local agency for collection on the secured, unsecured, or supplemental property tax rolls in accordance with the terms and conditions that may be set forth in an agreement with a joint powers authority.

(c) Notwithstanding Division 1 (commencing with Section 50) of the Revenue and Taxation Code, upon any transfer authorized in subdivision (b), the following shall apply:

(1) A local agency shall be entitled to timely payment of all delinquent taxes, assessments, and other receivables collected on its behalf on the secured, unsecured, and supplemental tax rolls, along with all penalties, interest, costs, and other charges thereon, no later than 30 calendar days after the close of the preceding monthly or four-week accounting period during which the delinquencies were paid by or on account of any property owner.

(2) Upon its receipt of the delinquent taxes, assessments, and receivables that it had agreed to be transferred, a local agency shall pay those amounts, along with all applicable penalties, interest, costs, and other charges, to the joint powers authority in accordance with the terms and conditions that may be agreed to by the local agency and the joint powers authority.

(3) The joint powers authority shall be entitled to assert all right, title, and interest of the local agency in the enforcement and collection of the delinquent taxes, assessments, and receivables, including without limitation, its lien priority, its right to receive the proceeds of delinquent taxes, assessments, and receivables, and its right to receive all penalties, interest, administrative costs, and any other charges, including attorney fees and costs, if otherwise authorized by law to be collected by the local agency.

(4) (A) For any school district that participates in a joint powers authority using financing authorized by this section and that does not participate in the alternative method of distribution of tax levies under Chapter 3 of Division 1 of Part 8 of the Revenue and Taxation Code, the amount of property tax receipts to be reported in a fiscal year for the district under subdivision (f) of Section 75.70 of the Revenue and Taxation Code, or any other similar law requiring reporting of school district property tax receipts, shall be equal to 100 percent of the school district's allocable share of the taxes distributed to it for the then fiscal year, plus 100 percent of the school district's share of any delinquent secured and supplemental property taxes assigned from that year and 100 percent of its share of any delinquent secured and supplemental property taxes from any prior years which the school district has assigned to

a joint powers authority in that fiscal year, as such delinquent taxes are shown on the delinquent tax roll prescribed by Section 2627 of the Revenue and Taxation Code, on an abstract list if one is kept pursuant to Chapter 4 (commencing with Section 4372) of Part 7 of Division 1 of the Revenue and Taxation Code, or other records maintained by the county, plus all other delinquent taxes that the school district has not assigned to a joint powers authority which are collected and distributed to the school district as otherwise provided by law, less any reduction amount required by subparagraph (B). One hundred percent of the school district's allocable share of the delinquent taxes assigned for the current fiscal year, and 100 percent of the school district's allocable share of the delinquent taxes assigned for all years prior thereto, as shown on the delinquent roll, abstract list, or other records maintained by the county, whether or not those delinquent taxes are ever collected, shall be paid by the joint powers authority to the county auditor and shall be distributed to the school district by the county auditor in the same time and manner otherwise specified for the distribution of tax revenues generally to school districts pursuant to current law. Any additional amounts shall not be so reported and may be provided directly to a school district by a joint powers authority.

(B) When a joint powers authority finances delinquent taxes for a school district pursuant to this section, and continuing as long as adjustments are made to the delinquent taxes previously assigned to a joint powers authority, the school district's tax receipts to be reported as set forth in subparagraph (A) shall be reduced by the amount of any adjustments made to the school district's allocable share of taxes shown on the applicable delinquent tax roll, abstract list, if one is kept, or other records maintained by the county, occurring for any reason whatsoever other than redemption, which reduce the amount of the delinquent taxes assigned to the joint powers authority.

(C) A joint powers authority financing delinquent school district taxes and related penalties pursuant to this subdivision shall be solely responsible for, and shall pay directly to the county, all reasonable and identifiable administrative costs and expenses of the county which are incurred as a direct result of the compliance of the county tax collector or county auditor, or both, with any new or additional administrative procedures required for the county to comply with this subdivision. Where reasonably possible, the county shall provide a joint powers authority with an estimate of the amount of and basis for any additional administrative costs and expenses within a reasonable time after written request for an estimate.

(D) In no event shall the state be responsible or liable for a joint powers authority's failure to actually pay the amounts required by subparagraphs (A) and (B), nor shall a failure constitute a basis for a claim against the state by a school district, county, or joint powers authority.

(E) The phrase "school district," as used in this section, includes all school districts of every kind or class, including, without limitation, community college districts and county superintendents of school.

(d) The powers conferred by this section upon joint powers authorities and local agencies shall be complete, additional, and cumulative to all other powers conferred upon them by law. Except as otherwise required by this section, the agreements authorized by this section need not comply with the requirements of any other laws applicable to the same subject matter.

(e) An action to determine the validity of any bonds issued, any joint powers agreements entered into, any related agreements, including, without limitation, any bond indenture or any agreements relating to the sale, assignment, or pledge entered into by a joint powers authority or a local agency, the priority of any lien transferred in accordance with this section, and the respective rights and obligations of any joint powers authority and any party with whom the joint powers authority may contract pursuant to this chapter, may be brought by the joint powers authority pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. Any appeal from a judgment in the action shall be commenced within 30 days after entry of judgment.

(f) This section shall not be construed to affect the manner in which an agency participates in or withdraws from the alternative distribution method established by Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code.

(g) Notwithstanding any other law, on and after January 1, 2007, a joint powers authority shall not purchase or acquire, and an Educational Revenue Augmentation Fund shall not sell, assign, pledge, or otherwise transfer to a joint powers authority, the right, title, or interest of an Educational Revenue Augmentation Fund in the enforcement and collection of delinquent and uncollected property tax revenues, assessments, or other receivables placed for collection on the secured, unsecured, or supplemental rolls.

6516.7. One or more public agencies and one or more private entities that provide child care or operate child day care facilities, as defined in Section 1596.750 of the Health and Safety Code, may enter into a joint powers agreement to form an insurance pooling arrangement for the payment of unemployment compensation or tort liability losses incurred by these public and private entities.

A joint powers agency or entity formed pursuant to this section may not elect to finance unemployment insurance coverage under Article 5 (commencing with Section 801) of Chapter 3 of Part 1 of Division 1 of the Unemployment Insurance Code unless each member entity individually satisfies the requirements set forth in Section 801 or 802 of the Unemployment Insurance Code.

Either a public agency or private entity entering into a joint powers agreement under this section shall establish or maintain a reserve fund to be used to pay losses incurred under

the agreement. The reserve fund shall contain sufficient moneys to maintain the fund on an actuarially sound basis.

6516.8. Any two or more harbor agencies may establish a joint powers authority pursuant to Part 1 (commencing with Section 1690) of Division 6 of the Harbors and Navigation Code.

6516.9. Notwithstanding any other provision of law, a joint powers agency or entity provided for by a joint powers agreement pursuant to this article, the members of which may conduct agricultural, livestock, industrial, cultural, or other types of fairs and exhibitions, or educational programs and activities, may establish and administer risk pooling arrangements for the payment of liability losses, workers' compensation losses, and other types of losses incurred by members of the joint powers agency or entity and by nonprofit corporations conducting or benefiting agricultural, livestock, industrial, cultural, or other types of fairs and exhibitions, or educational programs and activities, and by members of the joint powers agency or entity and by nonprofit corporations or auxiliary organizations operating facilities, programs, or events at public schools, the California Community Colleges, the California State University, or the University of California. For purposes of this section, one or more public agencies and one or more nonprofit corporations or auxiliary organizations operating facilities, programs, or events at public schools, the California Community Colleges, the California State University, or the University of California may enter into a joint powers agreement. The joint powers agency or entity may provide the nonprofit corporations with any services or nonrisk pooling programs provided to the agency's or entity's members. Aggregate payments made under each risk pooling arrangement shall not exceed the amount available in the pool established for that arrangement. The joint powers agency or entity may establish and administer as many separate risk pooling arrangements as it deems desirable. A liability risk pooling arrangement established pursuant to this section also may provide for the payment of losses incurred by special events users, lessees, and licensees of facilities operated by nonprofit corporations, auxiliary organizations, public schools, the California Community Colleges, the California State University, or the University of California and for the payment of losses incurred by employees, participants and exhibitors in programs sponsored by those entities.

6517. (a) Notwithstanding any other provision of this chapter, the Department of General Services may enter into a joint powers agreement with any other public agency for the purpose of creating an agency or entity to finance the acquisition of land and the design and construction of state office buildings and parking facilities thereon. The joint powers agency or entity shall have the power to acquire land and construct office and parking facilities and to issue revenue bonds for these purposes.

(b) The department may lease state property to, and enter into a lease-purchase agreement with, the joint powers agency or entity on behalf of the State of California for terms not exceeding 50 years. The lease may contain any other terms and conditions which the Director of the Department of General Services determines to be in the best interests of the state.

(c) Any joint powers agreement and any agreement between the state and any joint powers agency or entity created pursuant to this section shall be submitted to the Legislature for approval through the budgetary process before execution.

(d) This section shall not apply to or in any way limit the powers of any authority authorized under Section 8169.4.

6517.5. (a) Notwithstanding any other provision of this chapter, the Community Redevelopment Agency of the City of Los Angeles may advance funds, not to exceed four million dollars ($4,000,000), to the Department of General Services and the Los Angeles State Office Building Authority to complete plans and prepare bid specifications and related documents for a proposed state office building to be located in the City of Los Angeles between Spring Street, Main Street, Third Avenue, and Fourth Street, subject to the requirements of this section.

(b) The department or the authority shall make a determination on whether to proceed with construction of the state office building by June 30, 1987.

(c) If the department or the authority determines not to proceed with construction of the state office building, the department shall reimburse the agency by December 31, 1987, from the Special Fund for Capital Outlay, for any and all funds advanced by the agency to the department or to the authority for completing plans, preparing bid documents, and taking other actions, including the employment of legal counsel, relating to the design development phase, construction document phase, and bidding phase for the state office building.

(d) If the department or the authority determines to proceed with construction of the state office building, the agency shall be reimbursed for any and all funds advanced by the agency from the bond proceeds or from other financing available for construction of the state office building.

(e) The authority may acquire, own, construct, and operate parking facilities to serve the state office building, as the authority may deem to be in the best interests of the people of the State of California.

(f) The department and the agency may amend the authority agreement to provide for longer terms of office and to remove the restrictions on the number of terms for the members of the governing board of the authority, as the department and agency may deem appropriate.

(g) As used in this section, "funds advanced by the agency" means the principal amount of the agency's advance.

6517.6. (a) (1) Notwithstanding any provision of this chapter, the Department of General Services may enter into a joint powers agreement with any other public agency to finance the acquisition of real property authorized by Section 14015 and all costs incidental or related thereto. The joint powers agency or entity shall have the power to acquire office and parking facilities and to issue certificates of participation as determined by the Treasurer in accordance with Section 14015.

(2) Upon the request of the department, the Treasurer is hereby further authorized to serve as treasurer of the joint powers agency established pursuant to this section and to serve as trustee or fiscal agent for the certificates of participation.

(3) The department may lease property from, and enter into an agreement with, the joint powers agency or entity created pursuant to subdivision (a) to purchase real property and improvements thereon on behalf of the state for terms not exceeding 25 years.

(4) The department shall provide the Legislature with a 30-day notification of intent to advertise for proposals pursuant to this section. The department shall further provide the Legislature and the California Transportation Commission with notification of intent to acquire the real property 30 days prior to the acquisition.

(b) Following the acquisition and occupation of the real property being acquired, the Department of Transportation shall sell or cause to be sold the existing office building located at 150 Oak Street in the City and County of San Francisco. The proceeds of the sale shall be deposited in the State Highway Account in the State Transportation Fund to be used to reduce the amount to finance the acquired facility.

6518. (a) A joint powers agency, without being subject to any limitations of any party to the joint powers agreement pursuant to Section 6509, may also finance or refinance the acquisition or transfer of transit equipment or transfer federal income tax benefits with respect to any transit equipment by executing agreements, leases, purchase agreements, and equipment trust certificates in the forms customarily used by a private corporation engaged in the transit business to effect purchases of transit equipment, and dispose of the equipment trust certificates by negotiation or public sale upon terms and conditions authorized by the parties to the agreement. Payment for transit equipment, or rentals therefor, may be made in installments, and the deferred installments may be evidenced by equipment trust certificates payable from any source or sources of funds specified in the equipment trust certificates that are authorized by the parties to the agreement. Title to the transit equipment shall not vest in the joint powers agency until the equipment trust certificates are paid.

(b) An agency that finances or refinances transit equipment or transfers federal income tax benefits with respect to transit equipment under subdivision (a) may provide in the agreement to purchase or lease transit equipment any of the following:

(1) A direction that the vendor or lessor shall sell and assign or lease the transit equipment to a bank or trust company, duly authorized to transact business in the state as trustee, for the benefit and security of the equipment trust certificates.

(2) A direction that the trustee shall deliver the transit equipment to one or more designated officers of the entity.

(3) An authorization for the joint powers agency to execute and deliver simultaneously therewith an installment purchase agreement or a lease of equipment to the joint powers agency.

(c) An agency that finances or refinances transit equipment or transfers federal income tax benefits with respect to transit equipment under subdivision (a) shall do all of the following:

(1) Have each agreement or lease duly acknowledged before a person authorized by law to take acknowledgments of deeds and be acknowledged in the form required for acknowledgment of deeds.

(2) Have each agreement, lease, or equipment trust certificate authorized by resolution of the joint powers agency.

(3) Include in each agreement, lease, or equipment trust certificate any covenants, conditions, or provisions that may be deemed necessary or appropriate to ensure the payment of the equipment trust certificate from legally available sources of funds, as specified in the equipment trust certificates.

(4) Provide that the covenants, conditions, and provisions of an agreement, lease, or equipment trust certificate do not conflict with any of the provisions of any trust agreement securing the payment of any bond, note, or certificate of the joint powers agency.

(5) File an executed copy of each agreement, lease, or equipment trust certificate in the office of the Secretary of State, and pay the fee, as set forth in paragraph (3) of subdivision (a) of Section 12195 of the Government Code, for each copy filed.

(d) The Secretary of State may charge a fee for the filing of an agreement, lease, or equipment trust certificate under this section. The agreement, lease, or equipment trust certificate shall be accepted for filing only if it expressly states thereon in an appropriate manner that it is filed under this section. The filing constitutes notice of the agreement, lease, or equipment trust certificate to any subsequent judgment creditor or any subsequent purchaser.

(e) Each vehicle purchased or leased under this section shall have the name of the owner or lessor plainly marked on both sides thereof followed by the appropriate words "Owner and Lessor" or "Owner and Vendor," as the case may be.

6519. Notwithstanding any other provision of law, the State of California does hereby pledge to, and agree with, the holders of bonds issued by any agency or entity created by a joint exercise of powers agreement by and among two or more cities, counties, or cities and counties, that the state will not change the composition of the issuing agency or entity unless such change in composition is authorized by a majority vote of the legislative body of each such city, county, or city and county, or by a majority vote of the qualified electors of each such city, county, or city and county.

"Change in composition," as used in this section, means the addition of any public agency or person to any agency or entity created by a joint exercise of powers agreement pursuant to this chapter, the deletion of any public agency from any such joint powers agency or entity, or the addition to, or deletion from, the governing body of any such joint

powers agency, or entity of any public official of any member public agency or other public agency, or any other person.

6520. (a) Notwithstanding any other provision of law, the Board of Supervisors of San Diego County and the City Council of the City of San Diego may create by joint powers agreement, the San Diego Courthouse, Jail, and Related Facilities Development Agency, hereinafter referred to as "the agency," which shall have all the powers and duties of a redevelopment agency pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code as well as all the powers of a joint powers agency pursuant to this chapter, with respect to the acquisition, construction, improvement, financing, and operation of a combined courthouse-criminal justice facility, including a parking garage, and other related improvements, hereinafter referred to as "the facility."

(b) The agency shall be governed by a board of directors composed of one city council member and one citizen designated by the San Diego City Council; one supervisor and one citizen designated by the San Diego County Board of Supervisors; two citizens appointed by the presiding judge of the superior court effective during his or her term of presidence; the Sheriff of San Diego County; the president or designee of the San Diego County Bar Association; and one citizen designated by the District Attorney of San Diego County; all of whom shall serve at the pleasure of the appointing power and without further compensation.

(c) The City of San Diego and the County of San Diego shall each have the power of nonconcurrence over any action taken by the board of directors, provided that a motion for reconsideration is made by a member of the board of directors immediately following the vote of the board of directors approving such action, and further provided that the city council or the board of supervisors votes to nullify such action, by a majority vote of its membership, within 30 days.

(d) The county may transfer to the agency county funds in either a Courthouse Temporary Construction Fund or a County Criminal Justice Facility Temporary Construction Fund, or both, to be expended for purposes of the facility.

(e) In addition to those funds, (1) the agency's governing body may allot up to 15 percent of the fines and forfeitures received by the City of San Diego pursuant to Section 1463 of the Penal Code from the service area of the downtown courts, as defined by the agency, for expenditure by the agency for the purposes specified in subdivision (a); (2) the City of San Diego and the County of San Diego may allot to the agency any state or federal funds received for purposes of the facility; and (3) the agency may expend any rent, parking fees, or taxes received on leasehold interests in the facility, for the purposes specified in subdivision (a).

6520.1. Notwithstanding any other provision of this code, the Board of Supervisors of Siskiyou County and the city councils of the cities within Siskiyou County may create, by joint powers agreement, the Collier Interpretive and Information Center Agency to construct, improve, finance, lease, maintain, and operate the Randolph E. Collier Safety Roadside Rest Area as an information and safety rest facility and to expand the use of the site into a

cultural, tourist, river fisheries, water, natural resource, and aquatic habitat interpretive center.

6522. Notwithstanding any other provision of this chapter, any state department or agency entering into a joint powers agreement with a federal, county, or city government or agency or public district in order to create a joint powers agency, shall ensure that the participation goals specified in Section 16850 and Section 10115 of the Public Contract Code and in Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code become a part of the agreement, and shall apply to contracts executed by the joint powers agency.

6523. (a) The West Sacramento Area Flood Control Agency, a joint powers entity that is created pursuant to an agreement entered into, in accordance with this article, by the City of West Sacramento, Reclamation District No. 537, and Reclamation District No. 900 is granted the authority to accomplish the purposes and projects necessary to achieve and maintain at least a 200-year level of flood protection, and may exercise the authority granted to reclamation districts under Part 7 (commencing with Section 51200) and Part 8 (commencing with Section 52100) of Division 15 of the Water Code for the purposes of Sections 12670.2, 12670.3, and 12670.4 of the Water Code.

(b) Prior to January 1, 2009, the agency may create indebtedness and thereafter continue to levy special assessments to repay that indebtedness for the purposes described in subdivision (a), pursuant to any of the following provisions:

(1) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(2) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 1000) of the Streets and Highways Code).

6523.4. (a) Notwithstanding any other provision of this chapter, the Selma Community Hospital, a private, nonprofit hospital in Fresno County, may enter into a joint powers agreement with one or more of the following public agencies:

(1) The Alta Hospital District.

(2) The Kingsburg Hospital District.

(3) The Sierra-Kings Hospital District.

(b) The joint powers authority created pursuant to subdivision (a) may perform only the following functions:

(1) Engage in joint planning for health care services.

(2) Allocate health care services among the different facilities operated by the hospitals.

(3) Engage in joint purchasing, joint development, and joint ownership of health care delivery and financing programs.

(4) Consolidate or eliminate duplicative administrative, clinical, and medical services.

(5) Engage in joint contracting and negotiations with health plans.

(6) Take cooperative actions in order to provide for the health care needs of the residents of the communities they serve.

(c) Nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to subdivision (a) shall not reduce or eliminate any emergency services, as a result of that agreement, following the creation of the joint powers authority without a public hearing by the authority. The joint powers authority shall provide public notice of the hearing to the communities served by the authority not less than 14 days prior to the hearing and the notice shall contain a description of the proposed reductions or changes.

(d) Nothing in this section shall be construed to grant any power to any nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment. Nothing in this section shall permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

(e) Nothing in this section shall authorize activities that corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

6523.5. Notwithstanding any other provision of this chapter, a private, nonprofit hospital in the County of Contra Costa may enter into a joint powers agreement with a public agency, as defined in Section 6500.

6523.6. (a) Notwithstanding any other provision of this chapter, a private, nonprofit hospital in the County of Tulare may enter into a joint powers agreement with a public agency, as defined in Section 6500.

(b) Nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to subdivision (a) shall not reduce or eliminate any emergency services, as a result of that agreement, following the creation of the joint powers authority without a public hearing by the authority. The joint powers authority shall provide public notice of the hearing to the communities served by the authority not less than 14 days prior to the hearing and the notice shall contain a description of the proposed reductions or changes.

(c) Nothing in this section shall be construed to grant any power to any nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment. Nothing in this section shall permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

6523.7. (a) Notwithstanding any other provision of this chapter, a private, nonprofit hospital in the County of Kings may enter into a joint powers agreement with a public agency, as defined in Section 6500.

(b) Nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to subdivision (a) shall not reduce or eliminate any emergency services, as a result of that agreement, following the creation of the joint powers authority without a public hearing by the authority. The joint powers authority shall provide public notice of the hearing to the communities served by the authority not less than 14 days prior to the hearing and the notice shall contain a description of the proposed reductions or changes.

(c) Nothing in this section shall be construed to grant any power to any nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment. Nothing in this section shall permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

6523.8. (a) Notwithstanding any other provision of this chapter, a nonprofit hospital in the County of Tuolumne may enter into a joint powers agreement with a public agency, as defined in Section 6500.

(b) Nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to subdivision (a) shall not reduce or eliminate any emergency services, as a result of that agreement, following the creation of the joint powers authority without a public hearing by the authority.

(c) The joint powers authority shall provide public notice of the hearing to the communities served by the authority not less than 14 days prior to the hearing and the notice shall contain a description of the proposed reductions or changes.

(d) Nothing in this section shall be construed to grant any power to any nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment. Nothing in this section shall permit any entity, other than a nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

6523.9. (a) Notwithstanding any other provision of this chapter, a nonprofit hospital in the County of San Diego may enter into a joint powers agreement with any public agency, as defined in Section 6500.

(b) Nonprofit hospitals and public agencies participating in a joint powers agreement entered into pursuant to subdivision (a) shall not reduce or eliminate any emergency services, as a result of that agreement, following the creation of the joint powers authority without a public hearing by the authority.

(c) The joint powers authority shall provide public notice of the hearing to the communities served by the authority not less than 14 days prior to the hearing and the notice shall contain a description of the proposed reductions or changes.

(d) Nothing in this section shall be construed to grant any power to any nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment. Nothing in this section shall permit any entity, other than a nonprofit

hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

6524. Notwithstanding any other provision of this chapter, a private, nonprofit children's hospital in a county of the third class may enter into a joint powers agreement with any public agency, as defined in Section 6500.

6525. Notwithstanding any other provision of this chapter, a mutual water company may enter into a joint powers agreement with any public agency for the purpose of jointly exercising any power common to the contracting parties.

6526. Notwithstanding any other provision of law, any public agency that is a member of the South East Regional Reclamation Authority, the Aliso Water Management Agency, the South Orange County Reclamation Authority, or the San Juan Basin Authority may exercise any power granted to those entities by any of the joint powers agreements creating those entities, whether or not that public agency is a signatory to any of these joint powers agreements granting that power or is otherwise authorized by law to exercise that power, for the purpose of promoting efficiency in the administration of these joint powers entities.

6527. (a) Notwithstanding any other provision of law, where two or more health care districts have joined together to pool their self-insurance claims or losses, a nonprofit corporation that provides health care services that may be carried out by a health care district may participate in the pool, provided that its participation in an existing joint powers agreement, as authorized by this section, shall be permitted only after the public agency members, or public agency representatives on the governing body of the joint powers entity make a finding, at a public meeting, that the agreement provides both of the following:

(1) The primary activities conducted under the joint powers agreement will be substantially related to and in furtherance of the governmental purposes of the public agency.

(2) The public agency participants will maintain control over the activities conducted under the joint powers agreement through public agency control over governance, management, or ownership of the joint powers authority.

(b) Any public agency or private entity entering into a joint powers agreement under this section shall establish or maintain a reserve fund to be used to pay losses incurred under the agreement. The reserve fund shall contain sufficient moneys to maintain the fund on an actuarially sound basis.

(c) In any risk pooling arrangement created under this section, the aggregate payments made under each program shall not exceed the amount available in the pool established for that program.

(d) A public meeting shall be held prior to the dissolution or termination of any enterprise operating under this section to consider the disposition, division, or distribution of any property acquired as a result of exercise of the joint exercise of powers.

(e) Nothing in this section shall be construed to do any of the following:

(1) Relieve a public benefit corporation that is a health facility from charitable trust obligations.

(2) Exempt such a public benefit corporation from existing law governing joint ventures, or the sale, transfer, lease, exchange, option, conveyance, or other disposition of assets.

(3) Grant any power to any private, nonprofit hospital that participates in an agreement authorized under this section to levy any tax or assessment.

(4) Permit any entity, other than a private, nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under this section.

(5) Permit an agency or entity created pursuant to a joint powers agreement entered into pursuant to this section to act in a manner inconsistent with the laws that apply to public agencies, including, but not limited to, the California Public Records Act (Chapter 3.5 (commencing with Section 6250)), the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(f) Notwithstanding any other provision of law, the Self-Insurers' Security Fund established pursuant to Article 2.5 (commencing with Section 3740) of Chapter 4 of Part 1 of Division 4 of the Labor Code shall owe no duties or obligations to any entity that participates as a party to an agreement authorized pursuant to this section, or to its employees, and shall not be required, under any circumstances, to assume the worker's compensation liabilities of this entity if it becomes insolvent or otherwise unable to pay those liabilities.

(g) For purposes of this section, "self-insurance claims or losses" includes, but is not limited to, claims or losses incurred pursuant to Chapter 4 (commencing with Section 3700) of Part 1 of Division 4 of the Labor Code.

6528. A charter school, including a charter school organized pursuant to Section 47604 of the Education Code, may be considered a public agency, as defined in Section 6500, for the purpose of being eligible for membership in a joint powers agreement for risk-pooling.

6529. (a) (1) The Elk Valley Rancheria Tribal Council, as the governing body of the Elk Valley Rancheria, California, a federally recognized Indian tribe, may enter into a joint powers agreement with the County of Del Norte and the City of Crescent City, or both, and shall be deemed to be a public agency for purposes of this chapter.

(2)The Smith River Rancheria Tribal Council, as the governing body of the Smith River Rancheria, California, a federally recognized Indian tribe, may enter into a joint powers agreement to participate in the Border Coast Regional Airport Authority, and may also enter into a joint powers agreement with the County of Del Norte and the City of Crescent City, or both, to assist, facilitate, develop, or enhance sewer, stormwater, drinking water, or transportation services, and, for

those purposes, shall be deemed to be a public agency for purposes of this chapter.

(b) On and after January 1, 2004, the joint powers authorities created pursuant to subdivision (a) shall not have the power to authorize or issue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7) unless the public improvements to be funded by the bonds will be owned and maintained by the authorities or one or more of its public agency members, and the revenue streams pledged to repay the bonds derive from the authorities or one or more of its public agency members.

6529.5. (a) Any joint powers authority that includes a federally recognized Indian tribe shall not have the authority to authorize or issue bonds pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584)) unless the public improvements to be funded by the bonds will be owned and maintained by the authority or one or more of its public agency members, and the revenue streams pledged to repay the bonds derive from the authority, one or more of its public agency members, or any governmental or public fund or account the proceeds of which may be used for that purpose.

(b) As used in this section, "governmental or public fund or account" includes, but is not limited to, any fund or account that is funded by moneys or revenue streams derived from, held by, belonging to, due to, or otherwise held for the benefit of, one or more public agency members, but shall not include any fund or account that is funded by any grants distributed pursuant to Chapter 7.5 (commencing with Section 12710) of Part 2 of Division 3 of Title 2.

6531. (a) The Legislature finds and declares all of the following:

(1) It is in the best interests of communities located within the City of San Diego for the local public agencies that have jurisdiction within the city to form a joint powers agency to provide for the orderly and coordinated acquisition, construction, and development of model school projects. These projects may include the acquisition of land by negotiation or eminent domain, the construction of schools, the construction of recreational facilities or park sites or both, and the construction of replacement and other housing, including market rate, moderate-income, and low-income housing.

(2) The coordinated construction of these projects by redevelopment agencies, school districts, housing authorities, housing commissions, and the city is of great public benefit and will save public money and time in supplying much needed replacement housing lost when schools are constructed within existing communities.

(3) Legislation is needed to allow redevelopment agencies, school districts, housing authorities, housing commissions, and the city to use their powers to the greatest extent possible to expedite, coordinate, and streamline the construction and eventual operation of such projects.

(b) (1) Notwithstanding any other provision of law, the Redevelopment Agency of the City of San Diego, the Housing Authority of the City of San Diego, the San Diego Housing Commission, the San Diego Unified School District, and the City of San Diego may enter into a joint powers agreement to create and operate a joint powers agency for the development and construction of a model school project located within the City Heights Project Area. The agency created pursuant to this section shall be known as the San Diego Model School Development Agency. The San Diego Model School Development Agency shall have all the powers of a redevelopment agency pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, all of the powers of a housing authority pursuant to Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code, and all of the powers of the San Diego Unified School District, as well as all the powers of a joint powers agency granted pursuant to this chapter, to acquire property and to construct and improve and finance one or more schools, housing projects, parks, recreational facilities, and any other facilities reasonably necessary for their proper operation. Further, the San Diego Model School Development Agency shall have all of the powers of the City of San Diego pursuant to its charter and state law to acquire property and to finance and operate parks and recreational facilities and any other facilities reasonably necessary for their proper operation.

(2) Notwithstanding paragraph (1), neither the San Diego Model School Development Agency nor the Redevelopment Agency of the City of San Diego shall expend any property tax increment revenues to acquire property, and to construct, improve, and finance a school within the City Heights Project Area.

(3) Nothing in this section shall relieve the San Diego Model School Development Agency or the Redevelopment Agency of the City of San Diego from its obligations to increase, improve, and preserve the community's supply of low- and moderate-income housing, including, but not limited to, the obligation to provide relocation assistance, the obligation to provide replacement housing, the obligation to meet housing production quotas, and the obligation to set aside property tax increment funds for those purposes.

(4) The San Diego Model School Development Agency shall perform any construction activities in accordance with the applicable provisions of the Public Contract Code, the Education Code, and the Labor Code that apply, respectively, to the redevelopment agency, housing authority, housing commission, school district, or city creating the San Diego Model School Development Agency. Funding pursuant to Proposition MM, a local San Diego County bond measure enacted by the voters for the purpose of school construction, shall be used only for the design, development, construction, and financing of school-related facilities and improvements, including schools, as authorized and to the extent authorized under Proposition MM.

(c) Any member of the joint powers agency, including the school district, may, to the extent permitted by law, transfer and contribute funds to the agency, including bond

funds, to be deposited into and to be held in a facility fund to be expended for purposes of the acquisition of property for, and the development and construction of, any school, housing project, or other facility described in this section.

(d) Nothing contained in this section shall preclude the joint powers agency from distributing funds, upon completion of construction, the school, housing project, park, recreational facility, or other facility to a member of the agency to operate the school, housing project, park, or other facility that the member is otherwise authorized to operate. These distribution provisions shall be set forth in the joint powers agreement, if applicable.

(e) The San Diego Model School Development Agency may construct a school in the City Heights Project Area pursuant to Chapter 2.5 (commencing with Section 17250.10) of Part 10.5 of the Education Code.

(f) (1) For contracts for public works projects awarded prior January 1, 2012, the San Diego Model School Development Agency shall establish and enforce, with respect to construction contracts awarded by the joint powers agency, a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code or shall contract with a third party to operate a labor compliance program containing those requirements. This requirement shall not apply to projects where the agency has entered into a collective bargaining agreement that binds all of the contractors and subcontractors performing work on the project, but nothing shall prevent the joint powers agency from operating a labor compliance program with respect to those projects.

(2) For contracts for public works projects awarded on or after January 1, 2012, the project shall be subject to the requirements of Section 1771.4 of the Labor Code. (g) Construction workers employed as apprentices by contractors and subcontractors on contracts awarded by the San Diego Model School Development Agency shall be enrolled in a registered apprenticeship program, approved by the California Apprenticeship Council, that has graduated apprentices in the same craft in each of the preceding five years. This graduation requirement shall be applicable for any craft that was first deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft prior to January 1, 1998. A contractor or subcontractor need not submit contract award information to an apprenticeship program that does not meet the graduation requirements of this subdivision. If no apprenticeship program meets the graduation requirements of this subdivision for a particular craft, the graduation requirements shall not apply for that craft.

6532. (a) The Legislature finds and declares that it is in the best interest of the communities located in and around the City of Santa Clara that a joint powers agency that includes the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara formed to construct, operate, and maintain a stadium for use by a professional football team be authorized to let a sole source contract for the stadium construction project to a qualified design-build contractor. This authorization may enable that joint

powers agency to contain costs, improve efficiency, and benefit from specialized expertise. Nothing in this section shall be construed to affect any contract relating to the development of the stadium between the joint powers agency and any private party other than a design-build contract awarded pursuant to this section.

(b) (1) Consistent with existing law, the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara may enter into a joint powers agreement to create and operate a joint powers agency for the construction, operation, and maintenance of a stadium and related facilities located within the North Bayshore Redevelopment Project Area that are suitable for use by a professional football team. The joint powers agency created pursuant to this section shall be known as the Santa Clara Stadium Authority. In addition to, and without limitation on, any powers common to the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara, the Santa Clara Stadium Authority shall have the power to acquire, finance, construct, manage, maintain, and operate a stadium and related facilities suitable for use by a professional football team.

(2) Notwithstanding paragraph (1), the Santa Clara Stadium Authority and the Redevelopment Agency of the City of Santa Clara shall not expend any property tax increment revenues allocated to the redevelopment agency pursuant to Section 33670 of the Health and Safety Code to operate or maintain a stadium within the North Bayshore Redevelopment Project Area.

(c) (1) Notwithstanding any other provision of law, and subject to subdivision (d), the Santa Clara Stadium Authority may award a design-build contract to a qualified design-build contractor to construct the stadium without utilizing an otherwise applicable competitive bid process, provided that all of the following have occurred:

(A) A ballot measure endorsing the development of a stadium suitable for use by a professional football team is approved by voters in the City of Santa Clara in a citywide election.

(B) The governing body of the Santa Clara Stadium Authority determines that the cost of the contract is reasonable.

(C) The governing body of the Santa Clara Stadium Authority determines that the award of the contract is in its best interest.

(2) The contract awarded to the qualified design-build contractor pursuant to paragraph (1) shall not be funded, either through direct payment or reimbursement, using funds contributed by the Redevelopment Agency of the City of Santa Clara or by a community facilities district established under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), except that these funds may be used to pay for or reimburse for subcontract work pursuant to subcontracts awarded by the design-build contractor to the lowest responsible bidder as provided in subdivision (e).

(d) The Santa Clara Stadium Authority shall not award a design-build contract pursuant to subdivision (c) unless all of the following conditions are met:

(1) The design-build contract does not require expenditure of money from the general fund or enterprise funds of the City of Santa Clara.

(2) The obligation of the Redevelopment Agency of the City of Santa Clara to contribute funding is limited to a specified maximum amount, exclusive of debt service and other related financing costs, and these funds are used only to pay for or reimburse for subcontract work pursuant to subcontracts awarded by the design-build contractor to the lowest responsible bidder as provided in subdivision (e). Nothing in this subdivision modifies the requirements and limitations set forth in the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code) with respect to the financial obligations of the Redevelopment Agency of the City of Santa Clara to the joint powers agency.

(3) A private party will be responsible for any construction cost overruns.

(e) If the Santa Clara Stadium Authority awards a design-build contract pursuant to this section, it shall establish a competitive bid process for awarding subcontracts, and it shall require the design-build contractor to award subcontracts using this process. This competitive bid process shall provide that subcontracts be awarded using either the lowest responsible bidder or by best value, as defined in Section 20133 of the Public Contract Code. Subcontracts awarded on the basis of best value shall not be funded, either through direct payment or reimbursement, using funds contributed by the Redevelopment Agency of the City of Santa Clara or by a community facilities district established under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5). Funds contributed by the Redevelopment Agency of the City of Santa Clara or a community facilities district may be used only to fund subcontracts awarded to the lowest responsible bidder in a manner consistent with the process applicable to the City of Santa Clara under its charter.

(f) Notwithstanding Section 3248 of the Civil Code, for design-build contracts awarded pursuant to this section, the Santa Clara Stadium Authority may specify that the payment bond shall be in a sum not less than one-half of the contract price or three hundred million dollars ($300,000,000), whichever is less.

(g) If the Santa Clara Stadium Authority elects to proceed under this section and uses the design-build method to construct a stadium suitable for use by a professional football team, it shall submit to the Legislative Analyst's Office, within six months following the completion of construction of the stadium, a report regarding the project that shall include, but shall not be limited to, all of the following information:

(1) A brief description of the project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) Where appropriate, the estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) A description of the method used to award the contract. If best value, as defined in Section 20133 of the Public Contract Code, was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(h) It is not the intent of the Legislature, under the provisions of this section, to authorize design-build for other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resource facilities and infrastructure not located on the stadium site or adjacent city streets and property.

(i) If the construction and operation or maintenance of a stadium as contemplated by this section is deemed by the Department of Transportation under otherwise applicable law to require improvements on the state highway system, all of the following provisions shall apply:

(1) Notwithstanding any other provision of this section, for any project on the state highway system deemed necessary by the department due to the construction, operation, or maintenance of the stadium as contemplated by this section, the department is the responsible agency for the performance of project development services, including performance specifications, preliminary engineering, prebid services, the preparation of project reports and environmental documents, project design, and construction inspection services. The department is also the responsible agency for the preparation of documents that may include, but need not be limited to, the size, type, and desired design character of the project, performance specifications covering quality of materials, equipment, and workmanship, preliminary and final plans and specifications, and any other information deemed necessary to design and construct a project that meets the needs of the department.

(2) The department may use department employees or consultants to perform these services, consistent with Article XXII of the California Constitution. Department resources, including personnel requirements necessary for the performance of those services, shall be included in the department's capital outlay support program for workload purposes in the annual Budget Act.

(j) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or

applications that can be given effect without the invalid provision or application. Except as provided in this section, nothing in this section shall be construed to affect the application of any other law.

6533. (a) The board of directors of the Eastern Water Alliance Joint Powers Agency may grant available funds to a member public agency for the purposes of assisting that member public agency in acquiring water if the board determines that that water supply will benefit the Eastern San Joaquin County Groundwater Basin as a whole and that that member public agency would otherwise be unable to acquire that water. Section 10753.1 of the Water Code applies to any groundwater regulation under this section. As used in this section, the term "groundwater" has the same definition as set forth in subdivision (a) of Section 10752 of the Water Code.

(b) (1)For the purpose of supplementing the general operating revenues of the joint powers agency, upon the request of the board of directors of the joint powers agency, the Board of Supervisors of San Joaquin County may grant to the joint powers agency funds from the county general fund or Zone 2 of the San Joaquin County Flood Control and Water Conservation District that are available to carry out any purpose of the joint powers agency for which the county or district is authorized to expend funds.

(2) Nothing in paragraph (1) grants a preference to the joint powers agency over other public agencies for the purposes of receiving funds described in that paragraph.

(c) The joint powers agency shall deposit any county or district funds received pursuant to subdivision (b) in a separate account, and upon request of the county or district, shall demonstrate that all expenditures made from that account are being used only to carry out the powers, projects, and purposes of the joint powers agency and San Joaquin County or Zone 2 of the San Joaquin County Flood Control and Water Conservation District.

(d) Subject to Article XIII D of the California Constitution, the joint powers agency may impose a plan implementation charge, in accordance with this subdivision, on landowners within its boundaries for the property related service received from improved groundwater management and planning, and for improved groundwater levels and availability, provided by the joint powers agency. This plan implementation charge shall be a charge for water subject to the procedures and requirements set forth in subdivisions (a) and (b) of Section 6 of Article XIII D of the California Constitution, as follows:

(1) Each year the board of directors of the joint powers agency may fix a plan implementation charge that may not exceed the annual cost of carrying out the actions financed by the charge. The board of directors may use multiyear budgeting to determine the plan implementation charge for up to five years and adopt a schedule of charges for this time period.

(2) Before imposing the plan implementation charge, the board of directors of the joint powers agency shall identify the parcels of land within the joint powers agency to be benefited by the actions financed by the charge, the need for the plan implementation charge, and the amount of the charge to be imposed on each parcel. The amount of the charge upon any parcel may not exceed the proportional costs of the actions financed by the charge attributable to that parcel. The joint powers agency shall provide written notice of the plan implementation charge and conduct a public hearing as provided in subdivision (a) of Section 6 of Article XIII D of the California Constitution. The joint powers agency may not impose the plan implementation charge if written protests against the charge are presented by a majority of the owners of the identified parcels upon which the charge will be imposed.

(3) (A) The plan implementation charge, at the option of the joint powers agency, may be collected on the tax rolls of the county in the same manner, by the same persons, and at the same time as, together with and not separate from, county ad valorem property taxes. In that event, of the amount collected pursuant to this paragraph, the county auditor may deduct that amount required to reimburse the county for its actual cost of collection.

(B) In lieu of that option, the joint powers agency shall collect plan implementation charges at the same time, together with penalties and interest at the same rates as is prescribed for the collection of county ad valorem property taxes.

(4) The amount of an unpaid plan implementation charge, together with any penalty and interest thereon, shall constitute a lien on that land as of the same time and in the same manner as does the tax lien securing county ad valorem property taxes.

(5) In lieu of a plan implementation charge being imposed on parcels within the boundaries of any individual member public agency of the joint powers agency, any member of the joint powers agency may determine by resolution to make payment to the joint powers agency of funds in an amount equal to the amount that would be raised by imposition of the plan implementation charge within the boundaries of that member, to be paid at the same time that the plan implementation charge would be collected if imposed.

(e) For the purposes of this section, "joint powers agency" means the Eastern Water Alliance Joint Powers Agency.

(f) For the purposes of this section, "Eastern San Joaquin County Groundwater Basin" means the Eastern San Joaquin County Basin described on pages 38 and 39 of the Department of Water Resources' Bulletin No. 118-80.

6534. (a) This section shall be known, and may be cited, as the California Prison Inmate Health Service Reform Act.

(b) The Department of Corrections may enter into joint powers agreements under this chapter with one or more health care districts established in accordance with Division 23 (commencing with Section 32000) of the Health and Safety Code, in order to establish regional inmate health service joint powers agencies.

(c) Inmate health service joint powers authorities may be utilized for any purpose related to the provision, acquisition, or coordination of inmate health care services, including, but not limited to, all of the following:

(1) The provision of district hospital-based surgical, diagnostic, emergency, trauma, acute care, skilled nursing, long-term, and inpatient psychiatric care.

(2) Health care utilization review services.

(3) Health facility management consultation services.

(4) Health care contract design, negotiation, management, and related consultation services.

(5) Health care quality monitoring, management, and oversight consulting services.

(6) Physician and health care staff recruitment services.

(7) The design, construction, and operation of dedicated, secure, community-based health care facilities for the provision of inmate health care services.

6535. Any entity that is established pursuant to a joint powers agreement authorized under this article that is also licensed under Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code, where one of the parties to the joint powers agreement is an entity established pursuant to Section 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, or 14087.9605 of the Welfare and Institutions Code, shall be subject to all of the same provisions, including, but not limited to, governance, public records requirements, open meeting requirements, and conflicts of interest as is the entity established pursuant to Section 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, or 14087.9605 of the Welfare and Institutions Code, as applicable, that is a party to the joint powers agreement.

6536. Notwithstanding any other provision of this chapter, a private, nonprofit corporation that conducts fairs and other events and exhibitions on land leased from the County of Los Angeles may enter into a joint powers agreement with a public agency, as defined in Section 6500, for mutually beneficial uses of the public land. The agency formed pursuant to this joint powers agreement shall be deemed a public entity as described in Section 6507.

Industrial Development Financing Act

91500 This title may be cited as the California Industrial Development Financing Act.

91501. The Legislature hereby finds that it is necessary and essential that the state, in cooperation with the federal government, use all practical means and measures to promote and enhance economic development and increase opportunities for useful employment. The Legislature further finds the alternative method of financing provided in this title will benefit economically distressed communities with concentrated unemployment by employing a

labor force from those communities and areas where persons are displaced due to industrial failures. The Legislature further finds that the alternative method of financing provided in this title will benefit economically distressed areas of the state and localities that are making diligent efforts to maintain and provide services to existing companies and to prevent the loss of existing jobs. The Legislature further finds that the alternative method of financing provided in this title will benefit those projects that would employ persons living within an economically distressed area, or projects that are partially funded by the federal government, including, but not limited to, the United States Department of Labor, the United States Department of Housing and Urban Development, or the Economic Development Administration of the United States Department of Commerce. The Legislature further finds and determines that businesses within this state that create, produce, or manufacture tangible goods and require new methods to finance the capital outlays required to acquire, construct, or rehabilitate facilities, equipment, and furnishings that will result in an increase in employment opportunities, the retention of existing jobs, or otherwise contribute to economic development, and the alternate method of financing provided in this division is in the public interest and serves a public purpose and will promote the health, welfare, and safety of the citizens of the State of California.

The Legislature further finds that regional research and development facilities are beneficial to the state and the regions where they are located by providing jobs, contributing to economic development in the state and the surrounding community, and being a source of intellectual capital and intangible assets that ultimately aid California businesses in entering, expanding, and competing in, world markets.

Therefore, the Legislature finds that research and development facilities should be designated "permitted activities" under the state's industrial development bond program.

91502. It is the purpose of this title to carry out and make effective the findings of the Legislature, and to that end, to provide business with an alternative method of financing in acquiring, constructing, or rehabilitating facilities, including, but not limited to, equipment and furnishings, in accordance with the criteria set forth in Section 91502.1, all to the mutual benefit of the people of the state and to protect their health, welfare, and safety.

91502.1. (a) The Legislature declares that it is the policy of this state, consistent with environmental, resource conservation, and other policies, to facilitate for and on behalf of private enterprise the acquisition of property, either suitable for or evidencing an obligation respecting any one or more of the activities or uses set forth in Section 91503, through the issuance of revenue bonds by authorities in accordance with the criteria set forth in subdivision (b), and that this additional method of financing when made available in accordance with that policy serves a public purpose and will promote the prosperity, health, safety, and welfare of the citizens of the State of California.

(b) The Legislature declares that the criteria to be utilized to determine whether this method of financing may be made available shall include the following:

(1) Whether employment benefits arising out of the use of the facilities may ensue by securing or increasing (A) the number of employees of the company and any

other direct users of the facilities or (B) compensation for that employment, the value of which may be expressed in terms of aggregate direct employment earnings.

(2) Whether energy, mineral or natural or cultivated resource conservation benefits arising out of the use of the facilities may ensue by the reduction of waste, improvement of recovery or intensification of utilization of resources that otherwise would be less intensively utilized, or wasted, or not recovered, the value of which may be expressed in terms of the price and amount of the energy, minerals, or other resources saved or recovered, or the price and amount of equivalent energy, minerals, or other resources that would be utilized were the resources not utilized as intensively.

(3) Whether consumer benefits arising out of the use of the facilities may ensue by any of the following:

(A) Improvement of the quantity or quality or reduction in the price of products, energy, or related services or facilities, the value of which may be expressed in terms of quantity and price differentials.

(B) Production of new or improved products, or related services or facilities, the value of which may be expressed in terms of quantity and price.

(C) The transfer of ownership of a business or place of work that has closed or is in danger of closing, to its employees for the purpose of formation of an employee-owned corporation, as defined by subdivision (c).

(4) Whether economic benefits to the surrounding community or state may ensue.

(c) For purposes of this section, "employee-owned corporation" means a corporation that is under employee ownership. "Employee ownership" means the majority ownership of a business in this state by a majority of its employees under either of the following methods:

(1) Establishment of an Employee Stock Ownership Plan (ESOP) pursuant to the federal Employee Retirement Income and Security Act (ERISA). All stock initially issued at the time of formation of the employee-owned corporation shall be allocated to the employees and become fully vested within five years of the date the employee-owned corporation begins operation. Voting rights of the employees are established in accordance with Section 409A(e) of the Internal Revenue Code as effective on January 1, 1983.

(2) Establishment of a worker-owned cooperative.

91503. The property acquired pursuant to this article shall be suitable for, or shall evidence an obligation respecting, certain activities or uses. The activities or uses shall include one or more of the activities or uses described in subdivision (a) and, unless incidental to those activities or uses, shall not include any of the activities described in, and not excepted from, subdivision (b).

(a) (1) Industrial uses including, without limitation, assembling, fabricating, manufacturing, processing, or warehousing activities with respect to any products of agriculture, forestry, mining, or manufacture, if these activities have demonstrated job creation or retention potential.

(2) Energy development, production, collection, or conversion from one form of energy to another.

(3) Research and development activities relating to commerce or industry, including, without limitation, professional, administrative, and scientific office and laboratory activities or uses.

(4) Commercial uses located within an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1, commercial activities within an empowerment zone and enterprise community designated pursuant to Section 1391 of the Internal Revenue Code of 1986, in effect on January 1, 1998, commercial uses located within a recovery zone designated pursuant to Section 1401 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), or any amendments thereto, or other commercial needs.

(5) Processing or manufacturing recycled or reused products and materials by manufacturing facilities.

(6) Business activities with the purpose of creating or producing intangible property.

(b) (1) Residential real property for family unit or other housing activities.

(2) Airport, dock, wharf, or mass commuting activities, or storage or training activities related to any of those activities, unless the property acquired is suitable for one or more of the activities described in paragraph (4) of subdivision (a).

(3) Sewage or solid waste disposal activities or electric energy or gas furnishing activities, unless the property acquired is suitable for one or more of the activities described in paragraph (2) or (4) of subdivision (a).

(4) Water furnishing activities, unless the property acquired is suitable for one or more of the activities described in paragraph (4) of subdivision (a).

(5) Any activities of persons qualifying as exempt persons under Section 501 of the Internal Revenue Code of 1986, as amended, undertaken by those persons, other than activities constituting an unrelated trade or business as described in Section 513 of that code.

91504. Unless the context otherwise requires, the definitions in this article shall govern the construction of this title, as follows:

(a) "Acquire" and its variants means acquire, construct, improve, furnish, equip, repair, reconstruct, or rehabilitate.

(b) "Administration expenses" means the reasonable and necessary expenses incurred by an authority in the administration of this title, including, without limitation, fees and costs of paying agents, trustees, attorneys, consultants, and others.

(c) "Authority" means any industrial development authority established pursuant to this title.

(d) "Board" means the board of directors of an authority.

(e) "Bonds" means the revenue obligations, inclusive of principal (premium, if any) and interest authorized to be issued by any authority pursuant to this title, including a single bond, a promissory note or notes, including bond anticipation notes, or other instruments evidencing an indebtedness or obligation.

(f) "Bond proceeds" means all amounts received by an authority upon sale or other disposition of any bonds.

(g) "Commission" means the California Industrial Development Financing Advisory Commission established pursuant to Article 3 (commencing with Section 91550).

(h) "Company" means a person, partnership, corporation, whether for profit or not, limited liability company, trust, or other private enterprise of whatever legal form, for which a project is undertaken or proposed to be undertaken pursuant to this title or which is in possession of property owned by an authority, and may include more than a single enterprise.

(i) "Cost" as applied to any project, may embrace:

(1) The cost of construction, improvement, repair, rehabilitation, and reconstruction.

(2) The cost of acquisition, including rights in land and other property, both real and personal and improved and unimproved, and franchises, and disposal rights.

(3) The cost of demolishing, removing, or relocating any building or structures on lands so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved or relocated.

(4) The cost of machinery, equipment and furnishings, of engineering and architectural surveys, plans, and specifications, and of transportation and storage until the facility is operational.

(5) The cost of agents or consultants, including, without limitation, legal, financial, engineering, accounting, and auditing, necessary or incident to a project and of the determination as to the feasibility or practicability of undertaking the project.

(6) The cost of issuance of any bonds and of financing, interest prior to, during, and for a reasonable period after completion of a project, and reserves for principal and interest and for extensions, enlargements, additions, repairs, replacements, renovations, rehabilitations, and improvements.

(7) The cost of acquiring or refinancing existing obligations incident to the undertaking and carrying out, including the financing, of a project, and the

reimbursement to any governmental entity or agency, or any company, of expenditures made by or on behalf of the entity, agency, or company that are costs of the project hereunder, without regard to whether or not the expenditures may have been made before or after the adoption of a resolution of intention with respect to that project by an authority.

(8) The cost of making relocation assistance payments as provided by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1.

(9) In the case only of taxable bonds, the cost of refunding or refinancing any outstanding debt or obligations with respect to any facilities, or the cost of any other working capital.

(10) Except as provided in paragraph (9), "cost" does not otherwise include working capital.

(j) "Facilities" mean property suitable for any one or more of the activities or uses described in Section 91503 and includes incidental facilities.

(k) "Governing body" means the board of supervisors, city council, or board of directors of a redevelopment agency, as the case may be.

(l) "Indenture" means any mortgage, deed of trust, trust indenture, security agreement, or other instrument relating to establishing a lien or security interest in, or on, property, any pledge or other instrument relating to the possession of property, and any assignment or other instrument relating to establishing any right, title, or interest in, or related to, property, including the revenues therefrom, given by an authority to a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the state, or bondholder or agent, for the security of its bonds and the benefit of the bondholders.

(m) "Proceedings" means the actions taken by an authority in undertaking, carrying out, and completing a project, including, without limitation, the project agreements, indenture, bonds, and resolutions.

(n) "Project" means the acquisition, construction, improvement, repair, rehabilitation, and reconstruction of facilities and the acquisition and rehabilitation of machinery, equipment, and furnishings, and the acquisition of engineering and architectural surveys, plans, and specifications, and all other necessary and related capital expenditures by the issuance of bonds upon the application of and to be repaid by payments from a company for the purposes of this title.

(o) "Project agreements" means the agreements between an authority and a company respecting a project, and may include, without limitation, leases, subleases, options, and installment or other contracts of purchase or sale, loan, or guaranty agreements, notes, mortgages, deeds of trust, and security agreements.

(p) "Property" means any land, air rights, water rights, disposal rights, improvements, buildings or other structures, and any personal property, tangible or intangible, and includes, but is not limited to, machinery and equipment, whether or not in existence

or under construction, and interests in any of the foregoing, or promissory notes or other obligations of any kind respecting such interests.

(q) "Public agency" means any county, city and county, city, or redevelopment agency.

(r) "Revenues" means all rents, purchase payments, and other income derived by an authority from, or with respect to, the sale, lease, or other voluntary or involuntary disposition of, or repayment of loans with respect to, property, bond proceeds, and any receipts derived from the deposit or investment of any such income or proceeds in any fund or account of an authority, but does not include receipts designated to cover administration expenses.

(s) "Tax-exempt" means, with respect to any bonds, that the interest on the bonds is excluded from gross income of the holders thereof for federal income tax purposes.

(t) "Taxable" means, with respect to any bonds, that the bonds are not tax-exempt.

Pension Obligation Bonds—Local Agency Refunding Law

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Public enterprise Revenue Bonds—Revenue Bond Law 1941

54300 (See Revenue Bond Act of 1941)

Financing Leases and Certificate of Participation

25350.55 (a) Prior to entering into an agreement to finance the lease or lease-purchase of property through the execution and delivery or issuance, as the case may be, of certificates of participation or lease revenue bonds, the board may elect, by resolution, to guarantee payment under that financing agreement in accordance with the following:

(1) A county that elects to participate under this section shall provide notice to the Controller of that election, which shall include a schedule for the payments to be made by the county under that financing agreement, and identify a trustee appointed by the county for the purposes of this section.

(2) In the event that, for any reason, the funds otherwise available to the county will not be sufficient to make any payment under the financing agreement at the time that payment is required, the county shall so notify the trustee. The trustee shall immediately communicate that information to the affected holders of certificates of participation or bondholders, and to the Controller.

(3) When the Controller receives notice from the trustee as described in paragraph (2), or the county fails to make any payment under the financing agreement at the time that payment is required, 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 funds received from the county auditor pursuant to paragraph (4).

(4) If either of the circumstances set forth in paragraphs (2) and (3) occur, the county shall immediately notify the county auditor and deliver to the county auditor a duly certified copy of the resolution of the board of supervisors adopted pursuant to Section 29530.5. The county auditor shall reduce the vehicle license fee adjustment amount set forth in Section 97.70 of the Revenue and Taxation Code

and transmit those funds to the Controller to the extent necessary to make the payments required by paragraphs (2) and (3).

(5) As an alternate to the procedure set forth in paragraphs (2) and (3), the board of supervisors may provide a transfer schedule in a notice to the Controller of its election to participate under this section. The transfer schedule shall set forth amounts to be transferred to the trustee and the date or dates for the transfers and the Controller shall, subject to the limitation in the second sentence of paragraph (3), make apportionments to the trustee in those amounts on the specified date or dates for the purpose of making those transfers.

(6) In the event that for any reason, the county is no longer obligated for any period to make all or a portion of the payments with respect to the lease or lease-purchase financed through the execution and delivery, or issuance, as the case may be, of certificates of participation or lease revenue bonds, the trustee shall notify the affected holders of certificates of participation or bondholders. The trustee shall also notify the Controller. Upon receipt of the notification, the Controller shall cease making the transfers. If after giving notice, the obligation of the county to make payments with respect to a lease or lease-purchase financed through the execution and delivery or issuance, as the case may be, of certificates of participation or lease revenue bonds is restored, the trustee shall so notify the affected holders of certificates of participation or bondholders and the Controller. Upon receipt of the notification, the Controller shall resume making the transfers.

(b) This section shall not be construed to obligate the State of California to make any payment to a 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 a county, including, but not limited to, any payment in satisfaction of any debt or liability incurred or guaranteed by a county in accordance with this section.

Single Family Bond Programs

H&S 52002 The Legislature finds and declares that it is necessary and essential that counties and cities be authorized to directly or indirectly make long-term, low-interest loans to persons not presently eligible for financing through private sector lending institutions to finance construction, rehabilitation, and acquisition of homes in order to encourage investment and upgrade local areas.

Multifamily Housing Revenue Bonds

H&S 52075 (a) Subject to the limitations of this chapter, any city or county may, in addition to any other power conferred by this part, issue revenue bonds as provided in Chapter 4 (commencing with Section 52030) for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to that multifamily rental housing.

(b) For this purpose, the term "home mortgage," as used in Chapter 4 (commencing with Section 52030), and as defined by Section 52013, shall be further defined to include construction loans and mortgage loans to housing sponsors to finance the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing.

(c) To the extent possible, Chapter 4 (commencing with Section 52030) shall be construed in a manner that enables a city or county to comply with the purpose and requirements of this chapter.

Economic Development Conduit Revenue Bonds (IDA's)

91500 (See Industrial Development Financing Act)

Economic Development Conduit Revenue Bonds (JPA's)

6547.7 A joint powers entity created pursuant to this chapter may issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of Division 31 of the Health and Safety Code and industrial development bonds pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500)).

PUBLIC FINANCING—SCHOOLS

General Obligation Bonds—Schools

Ed Code 15100 Except as otherwise provided by law, the governing board of any school district or community college district may, when in its judgment it is advisable, and shall, upon a petition of the majority of the qualified electors residing in the school district or community college district, order an election and submit to the electors of the district the question whether the bonds of the district shall be issued and sold for the purpose of raising money for the following purposes:

(a) The purchasing of school lots.

(b) The building or purchasing of school buildings.

(c) The making of alterations or additions to the school building or buildings other than as may be necessary for current maintenance, operation, or repairs.

(d) The repairing, restoring, or rebuilding of any school building damaged, injured, or destroyed by fire or other public calamity.

(e) The supplying of school buildings and grounds with furniture, equipment, or necessary apparatus of a permanent nature.

(f) The permanent improvement of the school grounds.

(g) The refunding of any outstanding valid indebtedness of the district, evidenced by bonds, or of state school building aid loans.

(h) The carrying out of the projects or purposes authorized in Section 17577 or 81613.

(i) The purchase of schoolbuses the useful life of which is at least 20 years.

(j) The demolition or razing of any school building with the intent to replace it with another school building, whether in the same location or in any other location.

Any one or more of the purposes enumerated, except that of refunding any outstanding valid indebtedness of the district evidenced by bonds, may, by order of the governing board entered in its minutes, be united and voted upon as one single proposition.

15100.5. Except as otherwise provided by law, the governing board of the Peralta Community College District may, when in its judgment it is advisable, order the county superintendent of schools to call an election to be conducted pursuant to this chapter and submit to the electors of the district the question of whether the proceeds of previously authorized but unissued bonds of the district may be used for a purpose or purposes in addition to the purposes for which the previously approved bonds were authorized by the electors.

The governing board may, by order entered into its minutes, call for an election to expand the purposes of prior authorized but unissued bonds either as a single proposition on the ballot or combined with the question of issuing new bonds of the district for any purpose or purposes permitted by law.

If two-thirds of the votes cast on the question of expanding the purposes for which the proceeds of previously authorized but unissued bonds of the district may be used, or the combined question of expanding the purposes for which the proceeds of previously authorized but unissued bonds of the district and issuing newly authorized bonds of the district, are in favor of the proposition, the district may use the proceeds of the previously authorized but unissued bonds for the expanded purposes and may issue newly authorized bonds, as the case may be.

15101. Notwithstanding any other law, an election may not be held pursuant to this chapter within 45 days before a statewide election or within 45 days after a statewide election unless conducted at the same time as the statewide election, subject to Part 3 (commencing with Section 10400) of Division 10 of the Elections Code, or on an established election date pursuant to Section 1000 or 1500 of the Elections Code.

15101.75. (a) This chapter shall apply to bond elections for and the issuance of bonds for school facilities improvement districts created pursuant to Chapter 2 (commencing with Section 15300) to the extent that this chapter does not conflict with Chapter 2. In the event of a conflict, the provisions of Chapter 2 shall supersede the provisions of this chapter, but only to the extent of the conflict.

(b) A bond adopted by the voters pursuant to this part prior to January 1, 2008, shall be governed by this part as it read on December 31, 2007.

15102. The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located. For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.

15103. Notwithstanding any other provision of law, for the purpose of computing the limit on the amount of bonds which may be issued by a district pursuant to the provisions of this chapter, the taxable property of the district shall be determined upon the basis that the district's assessed value has not been reduced by the exemption of the assessed value of business inventories in the district or reduced by the homeowner's property tax exemption.

15105. For the purpose of the provisions of Sections 15102 and 15106 which require that the valuation as shown on the last equalized assessment roll be modified pursuant to Section 41201 or 84201, the "current year" as used in Section 41201 or 84201 shall be deemed to be the latest fiscal year for which there exists a last equalized county assessment roll as ascertained in accordance with Chapter 3 (commencing with Section 2050) of Part 3 of Division 1 of the Revenue and Taxation Code, and the term "two

immediately preceding years" shall be deemed to be the two fiscal years immediately preceding the fiscal year for which the last equalized county assessment roll exists. Whenever in any year it becomes necessary to determine the modification under Sections 15102 and 15106, at a time between the date when the assessment roll for that year becomes the last equalized county assessment roll ascertained under Chapter 3 and the date when the factor for the current year is certified and becomes available, the factor for the current year shall be deemed to be 1.00.

15106. A unified school district or community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed 2.5 percent of the taxable property of the school district or community college district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.

In computing the outstanding bonded indebtedness of a unified school district or community college district for all purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.

(a) For the purposes of the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000)) with respect to applications for apportionments and apportionments filed or made prior to September 15, 1961, and to the repayment thereof, Chapter 4 (commencing with Section 15700), inclusive, only, a unified school district shall be considered to have a bonding capacity in the amount permitted by law for an elementary school district and a bonding capacity in the amount permitted by law for a high school district.

(b) For purposes of this section, the taxable property of a district for a fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. In the event of the unification of two or more school districts or community college districts subsequent to the 1987-88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district or community college district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15102.

15107. In computing the limitation of indebtedness of a school district, community college district, or school facilities improvement district of any kind or class up to this time or in the

future formed or organized, hereinafter in this section referred to as the "bonding district," the outstanding indebtedness of any previously existing district all or any part of which forms a component part of the bonding district and the outstanding indebtedness of any district for which any territory that has become a part of the bonding district is liable shall be excluded and shall not be deemed, for the purposes of computing the limitation of indebtedness under Section 15102 or 15106, to constitute outstanding indebtedness of the bonding district, except to the extent that the outstanding indebtedness has been expressly assumed by the bonding district by vote of not less than two-thirds of the electors of the bonding district voting at an election at which the proposition of assuming the indebtedness is voted upon. Nothing contained in this section shall operate to release any property from liability for taxes to pay the principal and interest of indebtedness incurred by any component district or for which any territory that has become a part of the bonding district is liable and in which the taxable property is located at the time of the incurring of the indebtedness. It is the intent of the Legislature to provide in this section a special method of computing the limitation of indebtedness of school districts or community college districts irrespective of liability of the area embraced within the school districts for the payment of any bonded indebtedness. This section does not authorize the issuance of bonds in excess of the limits expressed in Section 15334.5.

15108. For the purpose of determining the limitation of indebtedness of a school district, community college district, or school facilities improvement district of any kind or class under Section 15102 or 15106, that portion of the bonded indebtedness of the district for which another district or territory in another district is liable shall be excluded and shall not be deemed to constitute outstanding bonded indebtedness of the district.

15109. Where an elementary school district and a high school district with a combined average daily attendance of 300,000 or more are governed by the same governing board, and the pupils in grades seven and eight in the districts are in attendance at high schools maintained by the high school district, the governing board, by resolution filed with the county auditor, may provide that the bond issuance limitations determined under Section 15102 shall be adjusted by reducing the bond issuance limitation of the elementary school district by 1 percent of its total and by augmenting the bond issuance limitation for the high school district by the amount by which that of the elementary district was reduced.

15110. An action to determine the validity of bonds and of the ordering of the improvement or acquisition may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. In such action, all findings, conclusions and determinations of the legislative body which conducted the proceedings shall be conclusive in the absence of actual fraud.

15111. The governing board of each school district or community college district shall, within 30 days after the end of each fiscal year, submit to the county superintendent of schools who has jurisdiction over the school district or community college district a report containing the following information, concerning any election held pursuant to Sections 4152, 15120, 15121, and 16058 for the approval of the issuance of bonds or the assumption of any bonded indebtedness or other indebtedness:

(1) The total amount of the bond issue, bonded indebtedness or other indebtedness involved.

(2) The percentage of registered electors of the district who voted at the election.

(3) The results of the election, with the percentage of votes cast for and against the proposition involved.

Alternate Procedures

53506 (See County Alternate Procedures)

Local Agency Refunding G.O. Bonds Only

53551 The legislative body of any local agency may issue negotiable coupon bonds, to be denominated refunding bonds, for the purpose of refunding any of the indebtedness of the local agency evidenced by bonds, whether due or not due, or which has or may hereafter become payable at the option of such local agency or by consent of the bondholders, or by any lawful means, whether such indebtedness, evidenced by bonds be now existing or may hereafter be created, and there shall not be moneys in a special fund in the treasury of such local agency irrevocably pledged to the payment or redemption of all such bonds; but the amount of such refunding bonds to be issued under the provisions of this article shall first be determined by such legislative body by resolution entered upon the minutes of such legislative body.

53552. Whenever the legislative body of a local agency determines that prudent management of the fiscal affairs of the local agency requires that it issue refunding bonds under the provisions of this article, it may do so without submitting the question of the issuance of the refunding bonds to a vote of the qualified electors of the local agency, unless the legislative body determines to submit the question to a vote, in which case the election shall be held in accordance with the principal act pursuant to which the bonds to be refunded were issued. Refunding bonds shall not be issued if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded, provided that this limitation shall not apply to bonds issued to refund indebtedness imposed by subdivision (b) of Section 53550 as a result of the court decision in Aerospace Corporation v. State Board of Equalization, 218 Cal. App. 3d 1300. Subject to this limitation, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

53553. When the legislative body determines to issue refunding bonds pursuant to this article, it shall adopt a resolution providing for the issuance of such bonds. Such resolution shall:

(a) Describe the bonds being refunded; and the date on which it is anticipated that the exchange, purchase or call and redemption necessary to effect the refunding shall occur;

(b) Fix the date of such refunding bonds;

(c) Designate the denomination or denominations thereof;

(d) Fix the rate or rates of interest to be borne by such refunding bonds, which rate or rates shall not exceed 8 percent per annum, payable semiannually, except that interest for the first year from date of issuance may be payable at the end of said year;

(e) Fix the maturity dates of such refunding bonds, which shall not exceed 40 years from the date of such refunding bonds, or the latest maturity date of the bonds being refunded, whichever occurs earlier;

(f) Designate the place or places of payment of both principal and interest;

(g) Prescribe the form of such refunding bonds; and

(h) State the designated costs of issuing the refunding bonds.

53554. Such refunding bonds shall:

(a) Be negotiable in form;

(b) Recite that they are bonds of the local agency issuing the bonds;

(c) Recite that they are issued pursuant to the provisions of this article;

(d) Be executed in the name of the local agency; and

(e) Be signed by the president or chairman of the legislative body of the local agency, and executed, countersigned or attested by such officer or officers of the local agency as are required to execute, countersign or attest bonds issued pursuant to the principal act, as the case may be.

The interest coupons shall be signed in the same manner as interest coupons attached to bonds issued by the local agency pursuant to the principal act. The provisions of the Uniform Facsimile Signatures of Public Officials Act (Chapter 6, (commencing with Section 5500), Division 6, Title 1) apply to refunding bonds issued pursuant to this article.

53555. Refunding bonds issued pursuant to this article may be exchanged for the bonds to be refunded on such basis as the legislative body determines is for the benefit of the local agency but in no case on the basis that the principal amount of refunding bonds exceeds the principal amount of the bonds to be refunded plus the costs of issuing the refunding bonds. As an alternative to exchanging the refunding bonds for the bonds to be refunded, the legislative body may sell the refunding bonds at public or private sale for not less than their par value. The proceeds of any sale of refunding bonds for cash shall be placed in the treasury of the local agency to the credit of a fund to be established for the purpose of refunding the bonds to be refunded, which fund shall be designated the "funding fund," and such proceeds shall be applied only as permitted by this article.

53556. The designated 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 the general fund of the local agency, other available revenues of the local agency under the control of the legislative body, the proceeds of sale of the refunding bonds, the interest or other gain derived from the investment of any of the proceeds of sale of the refunding bonds, any other moneys in escrow or in trust or any combination thereof as the legislative

body may determine; provided, however, that any amounts paid by the local agency other than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of such proceeds shall be added to the total net interest cost to maturity on the refunding bonds in determining whether the test of the second sentence of Section 53552 has been met.

53557. Any proceeds of sale of any refunding bonds may be deposited in escrow or trust with any bank or trust company within or without the state, or both within and 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.

53558. Such proceeds and investments in escrow or trust shall be in an amount at the time of issuance of such refunding bonds which is certified by a certified public accountant licensed to practice in this state to be sufficient to meet the requirements of subdivision (a) or paragraph (b) of this section.

(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 (in connection with which 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 (in connection with which 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 said designated date or dates and (iii) the designated costs of issuance of the refunding bonds.

53559. Following the issuance of any refunding bonds pursuant to this article, the legislative body of the local agency shall provide for the payment of principal and interest thereon in the same manner and at the same times as it provides for payment of principal and interest on bonds issued pursuant to its principal act and which constitute general obligations of such local agency. The legislative body may provide in the resolution of issuance of such refunding bonds for the pledge of revenues of any revenue-producing facility of the local agency as additional security for the refunding bonds to the same extent that such revenues were pledged as additional security for the bonds to be refunded.

53560. Upon the issuance, sale and delivery or exchange of refunding bonds pursuant to this article:

(a) If only the refunding bonds remain outstanding, such refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness of such local agency for purposes of any debt limitation applicable to bonds of such local agency under the principal act or for any other lawful purpose;

(b) 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;

(i) If the local agency has met the test of subdivision (a) of Section 53558 the refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness of such local agency for purposes of any debt limitation applicable to bonds of such local agency under the principal act or for any other lawful purpose, but the bonds to be refunded shall no longer be considered outstanding in any computation of the general obligation indebtedness of such local agency;

(ii) If the local agency has met the test of subdivision (b) Section 53558 then such refunding bonds shall, until the date on which the refunding bonds are no longer outstanding, constitute a special obligation of the local agency issuing such bonds and shall not be included in any computation of general obligation indebtedness of such local agency for any purpose, and the bonds to be refunded shall be considered outstanding in any computation of the general obligation bonded indebtedness of such local agency; but from and after the date on which the refunded bonds are no longer outstanding the refunding bonds shall constitute indebtedness of the local agency issuing such bonds and shall be included in any computation of general obligation indebtedness.

53561. It is hereby declared that it is a public purpose for a local agency to issue refunding bonds for the purposes set forth in this article and to invest and reinvest the proceeds thereof, and any other funds legally available therefor, for the purposes set forth herein; provided, however, that it is the intent of this article, and this article shall be so construed, that in no single fiscal year shall a tax be levied or shall funds of a local agency other than those expressly permitted herein be used to pay the principal of and interest and redemption premium, if any, on both the refunding bonds and on the bonds to be refunded.

53562. The powers conferred by this article are in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect the powers conferred by, any other law.

53569. Before selling any refunding bonds subject to the provisions of this article, any local agency shall advertise such bonds for sale at public sale and shall invite sealed bids therefor by publication of a notice once at least 10 days before the date of such public sale in a newspaper of general circulation circulated within the boundaries of each local agency to be aided by the public project to be financed by the issuance of such bonds; provided that, if an issue of bonds is less than five hundred thousand dollars ($500,000), a local

agency is not required to advertise such bonds for public sale or to accept bids thereon pursuant to this section. If one or more satisfactory bids are received pursuant to such notice, such 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 such bonds at private sale.

55% Voter Approval Authorization and Requirement

Ed Code 15274 If it appears from the certificate of election results that 55 percent of the votes cast on the proposition of issuing bonds pursuant to subdivision (b) of Section 18 of Article XVI of the California Constitution are in favor of issuing bonds, the governing board shall cause an entry of that fact to be made upon its minutes. The governing board shall then certify to the board of supervisors of the county whose superintendent of schools has jurisdiction over the district, all proceedings had in the premises. The county superintendent of schools shall send a copy of the certificate of election results to the board of supervisors of the county.

BOS Transfers Issuance Authority to Schools

Ed Code 15140 (a) Bonds of a school district or community college district shall be offered for sale by the board of supervisors of the county, the county superintendent of which has jurisdiction over the district, or the community college district governing board, where appropriate, as soon as possible following receipt of a resolution duly adopted by the governing board of the school district or community college district. The resolution shall prescribe the total amount of bonds to be sold. The resolution may also prescribe the maximum acceptable interest rate, not to exceed 8 percent, and the time or times when the whole or any part of the principal of the bonds shall be payable, which shall not be more than 25 years from the date of the bonds.

(b) Notwithstanding subdivision (a) or another provision of this chapter, the board of supervisors of any county may provide by resolution that the governing board of any school district or community college district over which the county superintendent of schools has jurisdiction, and which has not received a qualified or negative certification in its most recent interim report, may issue and sell bonds on its own behalf pursuant to this chapter without further action of the board of supervisors or officers of that county or of any other county in which a portion of the school district or community college district is located. The county shall levy and collect taxes, pay bonds, and hold bond proceeds and tax funds pursuant to this chapter for the bonds issued and sold pursuant to this subdivision.

(c) Whenever the governing board of a school district or community college district issues bonds or refunding bonds payable from ad valorem taxes the governing board shall transmit the authorizing resolution and debt service schedule, including the debt service schedule for the bonds to be refunded, to the county auditor and county treasurer in sufficient time to permit the county to establish tax rates and necessary funds or accounts for the bonds.

School Facilities Improvement Districts

Ed Code 15300 This chapter provides a method for the formation of school facilities improvement districts consisting of a portion of the territory within a school district or community college district, for the conduct of a bond election within a school facilities improvement district, and for the issuance of general obligation bonds by a school district or community college district for a school facilities improvement district.

15301. (a) A school district or community college district that has a community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, as set forth in Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, that has as one of its purposes the construction of school facilities within a portion of the territory of the school district or community college district, may proceed under this chapter.

(b) The boundaries of a school facilities improvement district formed pursuant to this chapter shall include all of the portion of the territory within the boundaries of the school district or community college district that is not located within the boundaries of the community facilities district as described in subdivision (a).

(c) A school district or community college district may proceed under this chapter without meeting the requirements of subdivisions (a) and (b) if the governing board of the school district or community college district determines that it is necessary and in the best interest of the school district or community college district, respectively, to form a school facilities improvement district pursuant to this chapter to finance school facilities and purposes authorized pursuant to Section 15100. As a part of that determination, the governing board of the school district or community college district shall make a finding that the overall cost of financing the bonds issued pursuant to this part would be less than the overall cost of other school facilities financing options available to the school district or community college district, including, but not limited to, issuing bonds pursuant to the Mello-Roos Communities Facilities Act of 1982 (Ch. 2.5 (commencing with Sec. 53311), Pt. 1, Div. 2, Title 5, Gov. C.). The governing board of the school district or community college district proceeding under this subdivision shall define the boundaries of the school facilities improvement district to include any portion of territory within the jurisdiction of the school district or community college district.

(d) The governing body of a school district or community college district that proceeds under this chapter shall comply with the filing requirements established by Section 54902 of the Government Code. A plat or map that is filed pursuant to this subdivision shall specifically identify property, located within the school district or community college district, that is not located within the improvement district established by the school district or community college district pursuant to this chapter.

15303. (a) This chapter shall not be operative in a county or counties until the board of supervisors of the county in which the county superintendent of schools having jurisdiction over the school district or community college district in which a proposed

school facilities improvement district is located, and the board of supervisors of any county in which a proposed school facilities improvement district is located, by resolution adopted by a majority vote of each affected board of supervisors, makes this chapter applicable in the county or counties. The resolution may make this chapter operative in the county generally, or to one or more school districts or community college districts.

(b) A board of supervisors adopting a resolution pursuant to subdivision (a) shall file that resolution with the California Debt and Investment Advisory Commission established pursuant to Section 8855 of the Government Code.

General Authority for Refunding Bonds

53583 (See Pension Obligation Bond—Local Agency's Refunding Law)

THE LEGISLATURE ON BONDS

Legislative Findings and Declarations Regarding Bond Issuance

5900 The Legislature finds and declares all of the following:

(a) The ability of the state and local governments to issue bonds is essential to their ability to finance public improvements and other projects and programs which serve important public purposes and have major social and economic consequences to the people of California.

(b) The exemption of interest on these bonds from federal income taxation has been a major feature of this financing, reducing interest costs to the state and local government issuers and enhancing the marketability of the bonds.

(c) Proposed federal tax legislation would substantially curtail the purposes for, and conditions under which, bonds may be issued with interest exempt from federal income taxation, with the result that in order to provide financing for those purposes or under those conditions state and local governments will in some instances be required, or elect, to issue bonds which bear interest not exempt from federal income taxation. These bonds often have different terms and structural features and are sold and traded in a different market than bonds the interest on which is exempt from federal income taxation.

(d) The state and local governments have the power to issue bonds bearing interest subject to federal income taxation, but the state and local governments may lack clear authority to structure this financing for the applicable market or otherwise to achieve the lowest effective borrowing cost or terms most suitable to the state or local government issuer, the project, or the financing program.

Legislative Intent Regarding Bond Issuance

5901 It is the intent of the Legislature that state and local governments be provided with the powers and flexibility necessary and appropriate for them to access the market for bonds which bear interest subject to federal income taxation.

Issuing Bonds Subject to Federal Tax

5903 If, prior to issuing any bonds, the legislative body determines that the interest payable on the bonds to be issued by the state or local government will be subject to federal income taxation under the law in existence on the date of issuance or pending on the date of issuance with an effective date preceding the date of issuance, then notwithstanding any other provision of law, the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds may provide for any of the following:

(a) The bonds shall be in such denominations, in such form, either bearer or registered, and payable at such place or places, either within or without the United States, at such time or times, in lawful money of the United States of America, with such terms of redemption, and at such interest rate or rates, either fixed or variable, including

methods of determining such rate or rates if variable, as the legislative body shall determine.

(b) The bonds shall be sold at public or private sale, in such manner and place or places, either within or without the United States, and at such price or prices, above or below par, as the legislative body shall determine.

(c) In connection with, or incidental to, the sale and issuance of the bonds, the state or local government may offer, sell, and issue warrants for additional bonds, as well as issue additional bonds pursuant to these warrants on terms consistent with this chapter, and may enter into any contracts which the legislative body determines to be necessary or appropriate to place the obligation of the state or local government, as represented by the bonds and the contract or contracts, in whole or in part on the interest rate, cash flow, or other basis desired by the legislative body, including, without limitation, contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures, or contracts providing for payments based on levels of or changes in interest rates, or contracts to exchange cash flows or a series of payments, or contracts, including, without limitation, options, puts or calls to hedge payment, rate, spread, or similar exposure. These contracts or arrangements may also be entered into by state or local governments in connection with, or incidental to, entering into any agreement which secures bonds, including bonds issued by private entities. These contracts and arrangements shall be made upon the terms and conditions established by the legislative body, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. In addition, these contracts and arrangements may be made only if the bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies, and if there has been receipt, from any rating agency rating the bonds, of written evidence that the contract or agreement will not adversely affect the rating.

(d) In connection with, or incidental to, the sale and issuance of the bonds, or entering into any of the contracts or arrangements referred to in subdivision (c), the state or local government may enter into such credit enhancement or liquidity agreements, with such payment, interest rate, security, default, remedy, and other terms and conditions as the legislative body shall determine.

(e) Proceeds of the bonds and any moneys set aside or pledged to secure payment of the bonds, or any of the contracts entered into pursuant to subdivision (c), may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds and may be pledged to and used to service any of the contracts or agreements entered into pursuant to this section.

Issuing Bonds Exempt from Federal Tax

5903.5 Section 5903 shall apply to any bonds the interest on which will not be subject to federal income taxation under the law in existence on the date of issuance or pending on the

date of issuance with an effective date preceding the date of issuance, notwithstanding any other provision of law, if the bonds are issued by the same state or local government for the same project or purpose and within 45 days of the date of issuance of bonds described in Section 5903.

Authority of Local Governments to Register or Qualify Bonds

5904 The state or a local government may take any actions, and enter into any agreements, necessary or appropriate to register or qualify the bonds described in Section 5903 for offer and sale under the federal or any state's or nation's securities laws and to comply with those laws.

Formation of Corporations to Undertake Financing Programs

5905 One or more state or local governments may cause to be formed, and may acquire all, but not less than all, of the voting stock in, one or more corporations, not chartered by a state or federal agency as a depository institution, but organized for the purpose of undertaking financing programs approved by each legislative body and found by each legislative body to be of benefit to the state or local government.

Exemption of Bonds from Usury Provisions

5906 Any bonds issued by a state or local government pursuant to this chapter, or otherwise, and the purchasers or holders thereof, shall be exempt from the usury provisions of Section 1 of Article XV of the California Constitution. Any loan, lease, installment sale, investment, forbearance of money, or other agreement between a user of the proceeds of or other moneys pledged to bonds and the issuer of the bonds, or entered into by or on behalf of the issuer of the bonds that provides for the use of the proceeds of the bonds or other moneys pledged to or securing the bonds, and the issuer of the bonds or any person acting on its behalf in connection with the foregoing shall be exempt from the usury provisions of Section 1 of Article XV of the California Constitution. This section creates and authorizes exempted classes of transactions and persons pursuant to Section 1 of Article XV of the California Constitution.

Exemption of Bonds Previously Voter Approved

5907 This chapter shall not affect bonds approved by the voters of the state or local government issuer prior to the effective date of this chapter, to the extent that this chapter is inconsistent with the measure authorizing those bonds.

Authority to Contract

5908 The authority conferred by this chapter includes the authority to enter into any and all contracts incident to the exercise of the authority conferred by this chapter, including, without limitation, contracts for the performance of professional services.

Controlling Statute if Inconsistent Provisions

5909 To the extent that the provisions of this chapter are inconsistent with any other provision of general law or special act or any part thereof, now or hereafter enacted, the provisions of this chapter shall be controlling.

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Deferred Compensation Plans

53213 Each local agency may establish for its officers and employees a deferred compensation plan. Participation in such plan shall be by written agreement between such officers and employees and the governing body of the local agency which shall provide for

deferral of a portion of such officers' or employees' wages. Officers and employees of any local agency having a deferred compensation plan may authorize deductions to be made from their wages for the purpose of participating in such deferred compensation plan.

53213.5. (a) Each deferred compensation plan established pursuant to this article shall conform with the requirements promulgated under the federal Small Business Job Protection Act of 1996 (Public Law 103-188). Those requirements include, but are not limited to, the holding of assets in a plan that complies with Sections 401(a), 401 (k), and 457 of the federal Internal Revenue Code in trust for the exclusive benefit of employees.

(b) Notwithstanding any other provision of law, participants choosing individually directed investments shall relieve the trustee and local agency of responsibility under the terms of the plan and trust. That relief shall be conditioned upon the local agency compliance with communication and education requirements similar to those prescribed in subdivision (c) of Section 1104 of Title 29 of the United States Code for private sector employers.

53214. Notwithstanding any other provision of law, a participant in a deferred compensation plan may also participate in a public retirement system, and, in ascertaining the amount of compensation of such participant for purposes of computing the amount of his contributions or benefits under a public retirement system, any amount deducted from his wages pursuant to this article shall be included.

53214.5. A county or city and county which pays the salaries, either in whole or in part, of judges of the superior and municipal courts and the officers and attachés of those courts may allow the judges, officers, and attachés to participate in any deferred compensation plan established pursuant to this article. Any county or city and county is hereby authorized to enter into a written agreement with the judges, officers, and attachés providing for deferral of a portion of their wages. The judges, officers, and attachés may authorize deductions to be made from their wages for the purpose of participating in the deferred compensation plan.

Purchasing Air Time

31641.2 Any member of the retirement system who elects pursuant to Section 31641.1 to make contributions and receive credit as service for time for which he or she claims credit because of public service shall contribute to the retirement fund, prior to the effective date of his or her retirement, by lump-sum payment or by installment payments over a period not to exceed five years, an amount equal to the sum of:

(a) Twice the contributions he or she would have made to the retirement fund if he or she had been a member during the same length of time as that for which he or she has elected to receive credit as service, computed by applying the rate of contribution at the time of the election to the monthly compensation earnable by him or her at the time of the election pursuant to Section 31641.1, multiplied by the number of months for which he or she has elected to receive credit for county

service, including time, if any, prior to the establishment of the system, and which will constitute current service under this system.

(b) The "regular interest" which would have accrued to the member contributions if they had been made on the date used to determine on what earnable compensation contributions pursuant to this section shall be based, from that date until the completion of payment of those contributions, computed at the current interest rate.

(c) Except as prohibited by section 31640.7, the governing body by a four-fifths vote may provide that it shall make on behalf of officers and employees eligible to receive credit for prior service under this chapter, and who so elect prior to filing an application for retirement, part of the contributions specified in paragraphs (a) and (b) of this section. The contributions made by a governmental agency pursuant to this section shall be available only for purposes of retirement for service or for disability and a member resigning from county service shall be entitled to withdraw only that portion of his or her accumulated contributions made by him or her.

Retiree Health Fund Investments

53620. Notwithstanding Section 53601 or 53635, the governing body of a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body pursuant to Section 53622.

53621. The authority of the governing body to invest or to reinvest funds intended for the payment of employee retiree health benefits, or to sell or exchange securities purchased for that purpose, may be delegated by the governing body to designated officers.

53622. (a) Funds intended for the payment of employee retiree health benefits shall only be held for the purpose of providing benefits to participants in the retiree health benefit plan and defraying reasonable expenses of administering that plan.

(b) The governing body or designated officer, when making investments of the funds, shall discharge its duties with respect to the investment of the funds.

(1) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants in the retiree health benefit plan, minimizing employer contributions thereto, and defraying reasonable expenses of administering the plan.

(2) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(3) Shall diversify the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

COUNTY MONEY IN COUNTY TREASURY

26905. Not later than the last day of each month, the auditor shall reconcile the cash and investment accounts as stated on the auditor's books with the cash and investment accounts as stated on the treasurer's books as of the close of business of the preceding month to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor.

26920. (a) At least once in each quarter, the county auditor shall perform, or cause to be performed, a review of the treasurer's statement of assets in the county treasury. Each county shall fund and allocate the cost of the review in accordance with that county's established budgetary practice. The auditor's review shall be accomplished in accordance with the appropriate professional standards, as determined by the county auditor. The treasurer shall prepare a statement showing the amount and type of assets in the county treasury as of the date of the review. The review shall include:

(1) Counting cash in the county treasury.

(2) Verifying that the records of the county treasurer and auditor are reconciled pursuant to Section 26905.

(3) A report to the board of supervisors issued in accordance with the appropriate professional standards, as determined by the county auditor.

(b) The auditor shall, at least annually, perform or cause to be performed an audit of the assets in the county treasury and express an opinion whether the treasurer's statement of assets is presented fairly and in accordance with generally accepted accounting principles. The audit report shall be addressed to the board of supervisors. The review required by subdivision (a) need not be performed for the period when an audit is conducted in accordance with this subdivision.

26922. The auditor shall file a copy of the quarterly report prepared pursuant to paragraph (3) of subdivision (a) of Section 26920 and a copy of the annual audit report prepared pursuant to subdivision (b) of Section 26920 in the office of the clerk of the board of supervisors. The auditor shall post and maintain another copy of the quarterly report and another copy of the annual audit report in his or her office for at least one quarter.

2014 LEGISLATION CHAPTERED

Finance

AB 2274 Requiring Bank Loan Disclosure, Assembly Member Gordon. The California Debt and Investment Advisory Commission. An act to amend Sections 8855 and 8856 of the Government Code, relating to state government.

New law clarifies that disclosure includes direct loans, along with other debt transactions. The law will shorten the amount of time the issuers have to file the information to 21 days. The law will go into effect January 1, 2015.

Concerns over bank loan disclosures have increased nationwide, as municipal issuers increasingly have used non-traditional financing. These financings potentially carry considerable credit risk.

TREASURY CASH MANAGEMENT

GENERAL

Treasury Cash Management is the utilization of information available to the County Treasurer so as to maximize interest income while maintaining strict statuorial compliance.

The importance of effective treasury cash management is becoming more clear to all of those involved in the financial affirs of local government. Increasing reliance on aid from other governmental agencies combined with limitations on property tax generated revenues, tend to make local government less self-reliant. In terms of cost-benefit, no other sources of locally generated revenue can match the attractiveness of an effectively administered Treasury Cash Management Program.

Cash management includes cash flow analysis and projection, the deposit of funds, the making of investments and the apportionment of earnings.

It is recognized that the size of the county and the Treasurer's office staff, the volume of transactions, the system of record keeping generally, the availailability and extent of electronic data processing and the cooperation of other county departments and local agencies will all influence the degree of sophistication of your cash management program.

PRIORITIES

Legality of Actions

The actions of a County Treasurer in administering a cash management program must conform to law. It is recommended that you become thoroughly familiar with the contents of the section on the Investment of Surplus Funds of this manual.

Safety of Principal

The primary duty of a County Treasurer is to hold safely all public funds under his/her control.

Ability to meet demands of Treasury

Active funds should be sufficient to meet daily demands upon the Treasury.

Maximize Earnings

The County Treasurer has an obligation to attempt to obtain the highest possible yield that is consistent with the first two priorities and the public interest.

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