

Senate Bill No. 613

Passed the Senate January 25, 2010

Secretary of the Senate

Passed the Assembly August 17, 2010

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2010, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 36447.15 to the Water Code, relating to water districts.

LEGISLATIVE COUNSEL'S DIGEST

SB 613, Harman. Irvine Ranch Water District and Santa Margarita Water District.

(1) The California Water District Law provides for the formation and operation of California water districts. That district law authorizes the Irvine Ranch Water District and the Santa Margarita Water District, which are California water districts, to form improvement districts and to issue and sell general obligation bonds and consolidated general obligation bonds for improvement districts of those districts in accordance with specified requirements.

This bill would authorize the Irvine Ranch Water District and the Santa Margarita Water District to pledge and apply all or part of the revenues of each district to the payment or security of any or all of the principal, redemption price, and purchase price of general obligation bonds for improvement districts and consolidated general obligation bonds for improvement districts, and the interest thereon, in accordance with specified requirements. The bill would require each district, on or before January 1, 2014, to submit a report to specified persons describing the district's use, if any, of the authority this bill would grant. By imposing duties on these districts, the bill would impose a state-mandated local program. The bill would make legislative findings and declarations regarding the need for special legislation.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 36447.15 is added to the Water Code, to read:

36447.15. (a) (1) Notwithstanding Section 36447, this section applies only to the Irvine Ranch Water District and the Santa Margarita Water District.

(2) As used in this section, “district” means the Irvine Ranch Water District and the Santa Margarita Water District.

(b) To provide credit enhancement, liquidity support, or both, in connection with, or incidental to, the issuance or carrying by the district of any general obligation bonds for improvement districts or consolidated general obligation bonds for improvement districts, the district may pledge and apply all or any part of the revenues of the district to the payment or security of any or all of the principal, redemption price, and purchase price of those bonds, and the interest thereon, in the manner and upon terms that the board may deem advisable.

(c) In connection with the pledge, the board may provide in the resolution, order, indenture, trust agreement, loan agreement, lease, installment sale agreement, pledge agreement, or other document in which the pledge is provided for or created, any covenants, promises, restrictions, and provisions that the district may deem necessary or desirable, including, but not limited to, covenants, promises, restrictions, and provisions relating to the use of bond proceeds, the maintenance, operation, and preservation of the district’s facilities, any rates and charges to be established and collected by the district, including rates and charges for the services or products furnished or provided by the district’s facilities, the incurring of additional indebtedness payable from the revenues, and the establishment, maintenance, and use of reserve funds, sinking funds, interest and redemption funds, maintenance and operation funds, and other special funds for the payment or security of any or all of the principal, redemption price, and purchase price of bonds and the interest thereon.

(d) For the purposes of carrying out this section, the board may exercise, but shall not be limited to exercising, the powers specified in the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code).

(e) Chapter 5.5 (commencing with Section 5450) of Division 6 of Title 1 of the Government Code shall govern the creation of pledges authorized by this section.

(f) Prior to exercising the authority granted pursuant to this section, the board shall adopt criteria to govern its determinations to use pledges pursuant to this section. The criteria may include, but are not limited to, evaluating the use of a pledge in lieu of or in combination with other credit enhancement and liquidity options available to the board.

(g) The authority granted by this section is in addition to, and not in derogation of, any authority granted by other provisions of law relating to the payment of the district's general obligation bonds from the proceeds of assessments to be levied upon and collected from lands of any improvement district or relating to the levy and collection of the assessments. This section does not affect any other law authorizing or providing for the issuance or carrying of bonds by the district. This section shall be deemed to provide a complete and supplemental method for exercising the powers authorized by this section, and shall be deemed supplemental to the powers conferred by other applicable laws.

(h) On or before January 1, 2014, each district shall submit a report to the Treasurer, the Chief Clerk of the Assembly, and the Secretary of the Senate describing the district's use, if any, of the authority granted pursuant to this section. The report shall include all of the following:

- (1) A description of each pledge made pursuant to this section.
- (2) A discussion of the amounts from pledged district revenues, paid pursuant to a pledge, that are expended to offset any insufficiency in amounts required for the payment of principal, redemption price, interest, or purchase price.
- (3) A discussion of any benefits or savings to the district associated with the use of the pledge made pursuant to this section.

SEC. 2. The Legislature finds and declares that this act, which is applicable only to the Irvine Ranch Water District and the Santa Margarita Water District, is necessary because of the unique and special financing requirements applicable to those districts. It is, therefore, hereby declared that a general law within the meaning of Section 16 of Article IV of the California Constitution cannot be made applicable to the districts and the enactment of this special

law is necessary to enable the districts to lower the financial burden of debt service for the taxpayers of those districts.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

Approved _____, 2010

Governor