

Introduced by Senator HernandezFebruary 17, 2011

An act to amend Section 15150 of the Education Code, and to amend Sections 53508.7 and 53508.9 of the Government Code, relating to bonds.

LEGISLATIVE COUNSEL'S DIGEST

SB 504, as introduced, Hernandez. Bonds.

(1) Existing law authorizes the governing board of a school or community college district to 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 various facilities purposes, for refunding bonds, or for the purchase of schoolbuses. Existing law limits the total amount of bonds that a school or community college district may issue to 1.25% of the taxable property of the school or community college district.

Existing law also authorizes the governing board of a school district or community college district to issue bond anticipation notes. Existing law requires a bond anticipation note to be payable not more than 5 years from the date of the original issuance of the note. Existing law prohibits the maturity date of a renewed note to be later than 5 years from the date of the original issuance of the note. Existing law allows the interest on the notes to be payable from the proceeds of the sale of bonds or from the tax levied to pay principal of and interest on the bonds.

This bill would extend the period during which the note is payable from 5 to 10 years and would delete the prohibition against the maturity date of a renewed note being later than 5 years from the date of the original issuance of the note. The bill would authorize the payment of

interest and principal on the bond anticipation notes from property taxes levied for that purpose if provided for in the resolution adopted by the governing board in connection with issuance of the bond anticipation notes. The bill would require the notes to be issued without reference to the limitation on indebtedness for bonds noted above if the resolution adopted by the governing board in connection with the bond anticipation notes does not authorize the levy of a tax for payment of the principal of and interest on the notes.

The bill would require the governing board of a school district or community college district that issued bond anticipation notes payable from ad valorem taxes to transmit the authorizing resolution and debt service schedule to the county auditor and county treasurer.

(2) Existing law authorizes the general obligation bonds of a city, county, city and county, school district, community college district, or special district to be sold at a public sale and authorizes the sale of school district and community college district general obligation bonds at a private sale.

This bill would authorize a city, county, city and county, and a special district to sell their bonds at a private sale.

(3) Existing law authorizes a city, county, city and county, and special district to sell bonds at a negotiated sale for a price at, above, or below par value, as authorized by the legislative body of the city, county, city and county, or special district, without further approval, if the legislative body adopts a resolution before the negotiated sale that includes specified information.

This bill would extend this authorization to a school district and a community college district.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 15150 of the Education Code is amended
 2 to read:
 3 15150. (a) When the governing board of a school district or a
 4 community college district deems it in the best interests of the
 5 district, it may by resolution, upon such terms and conditions as
 6 it shall prescribe, issue notes, *to be sold* on a negotiated or
 7 competitive-bid basis, ~~maturing within a period not to exceed five~~
 8 ~~years~~, in anticipation of the sale of bonds authorized pursuant to

1 Section 15100 or Section 15340 at the time the notes are issued.
2 The proceeds from the sale of the notes shall be used only for
3 authorized purposes of the bonds, *costs of issuance of the notes*,
4 or to repay outstanding notes authorized by this section.

5 (b) All notes issued and any renewal thereof shall be payable
6 at a fixed time not more than ~~five~~ 10 years from the date of the
7 original issuance of the note *or earlier, as the notes may provide*.
8 If the sale of the bonds does not occur prior to the maturity of the
9 notes issued in anticipation of the sale, the fiscal officer of the
10 school district or community college district, in order to meet the
11 notes then maturing, shall issue renewal notes for this purpose.
12 The renewal of a note may not be issued after the sale of bonds in
13 anticipation of which the original note was issued ~~and the maturity~~
14 ~~date of the renewed note shall not be later than five years from the~~
15 ~~date of the original issuance of the note~~.

16 (c) Every note and any renewal thereof shall be payable from
17 the proceeds of the sale of bonds or of any renewal of notes or
18 from other funds of the school district or community college district
19 lawfully available for the purpose of repaying the notes, including
20 state grants. The total amount of the notes or renewals thereof
21 issued and outstanding may not at any time exceed the total amount
22 of the unsold bonds.

23 (d) Interest on the notes shall be payable from proceeds of the
24 sale of bonds, ~~or from the tax lawfully levied to pay principal of~~
25 ~~and interest on the bonds in anticipation of which the notes are~~
26 ~~issued, including any premium on the sale of those bonds~~.

27 (e) *Interest on the notes and principal thereof may be paid from*
28 *a property tax levied for that purpose if the resolution of the*
29 *governing board so provides. The tax for payment of the principal*
30 *of or interest on the notes is a tax authorized by law for payment*
31 *of the bonds in anticipation of which the notes are issued. If the*
32 *governing board authorizes the levy of a tax for payment of a*
33 *portion of the notes, the governing board shall comply with*
34 *subdivision (c) of Section 15140 in giving notice to officers of the*
35 *county of the issuance of the notes*.

36 (f) *Unless the governing board authorizes the levy of a tax for*
37 *payment of the principal of or interest on the notes, notes shall*
38 *not be issued without reference to any limitation on indebtedness*
39 *for bonds under Section 15102, 15106, 15268, 15270, or 15334.5.*

1 (g) Unless the governing board authorizes the levy of a tax for
2 payment of the principal of or interest on the notes, notes in
3 anticipation of bonds authorized pursuant to Chapter 1.5
4 (commencing with Section 15264) shall be issued without reference
5 to the tax limitations of Section 15268 or 15270.

6 (e)

7 (h) The original issuance of notes and any renewal thereof may
8 be in the form of commercial paper notes. Each issuance of
9 commercial paper notes to repay outstanding notes shall be deemed
10 to be a renewal of notes subject only to the requirements of this
11 section.

12 SEC. 2. Section 53508.7 of the Government Code is amended
13 to read:

14 53508.7. (a) The bonds shall be sold at a public or private sale
15 and at a price at, above, or below par, as the legislative body
16 determines.

17 (b) Any bonds sold at a discount below the par value of the
18 bonds shall be sold in compliance with the provisions of Section
19 53532.

20 ~~(c) The private sale of bonds is limited to the sale of school
21 districts' and community college districts' bonds pursuant to
22 Sections 15140 or 15146 of the Education Code.~~

23 SEC. 3. Section 53508.9 of the Government Code is amended
24 to read:

25 53508.9. (a) Notwithstanding Section 53508.7, a local agency
26 may sell bonds at a negotiated sale for a price at, above, or below
27 par value, as authorized by the legislative body, without further
28 approval, if the legislative body adopts a resolution before the
29 negotiated sale, as an agenda item at a public meeting, that includes
30 all of the following:

31 (1) Express approval of the negotiated method of sale.

32 (2) Statement of the reasons for selecting the negotiated method
33 of sale.

34 (3) Disclosure of the identity of the bond counsel.

35 (4) Disclosure of the identity of the bond underwriter and the
36 financial adviser, if used for the negotiated bond sale. If a bond
37 underwriter or financial adviser has not been selected at the time
38 the legislative body adopts the resolution, the legislative body shall
39 disclose the identity at the public meeting first occurring after the
40 bond underwriter or financial adviser has been selected.

1 (5) Estimate of the costs associated with the bond issuance.

2 (b) For purposes of this section, the following definitions shall
3 apply:

4 (1) “Legislative body” means the governing body of a local
5 agency.

6 (2) “Local agency” means a city, county, city and county, *school*
7 *district, community college district*, and special district. “Special
8 district” means an agency of the state formed for the performance
9 of governmental or proprietary functions within limited geographic
10 boundaries, ~~and shall not include a school district or community~~
11 ~~college district.~~

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