

AMENDED IN ASSEMBLY APRIL 3, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1070

Introduced by Assembly Member Frazier

February 22, 2013

An act to amend Sections 64102, 64107, 64109, 64110, 64111, 64112, 64115, 64116, 64117, 64118, 64119, 64120, 64121, 64124, 64125, 64126, 64127, and 64132 of, and to add Section 64107.5 to, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1070, as amended, Frazier. California Transportation Financing Authority.

The California Transportation Financing Authority Act creates the California Transportation Financing Authority, with specified powers and duties relative to issuance of bonds to fund transportation projects to be backed, in whole or in part, by various revenue streams of transportation funds, and toll revenues under certain conditions, in order to increase the construction of new capacity or improvements for the state transportation system consistent with specified goals. Existing law, subject to certain conditions, authorizes the authority to grant a request that a project sponsor, rather than the authority, be the issuer of the bonds.

This bill would revise the act to further define the roles of the authority and an issuer of bonds under the act if the project sponsor, rather than the authority, is the issuer of bonds, and would define "issuer" in that regard. The bill would make other related changes.

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 64102 of the Government Code is
2 amended to read:

3 64102. As used in this division, the following terms shall have
4 the following meanings, unless the context clearly indicates or
5 requires another or different meaning or intent:

6 (a) “Authority” shall mean the California Transportation
7 Financing Authority.

8 (b) “Bonds” shall mean bonds, notes, debentures, commercial
9 paper, or any other evidence of indebtedness, lease, installment,
10 sale, or certificate of participation thereon, issued by the authority
11 or a project sponsor pursuant to this division.

12 (c) “Commission” shall mean the California Transportation
13 Commission.

14 (d) “Cost,” as applied to a project or portion of a project financed
15 under this division, shall mean and include all or any part of the
16 cost of construction and acquisition of all lands, structures, real or
17 personal property rights, rights-of-way, franchises, easements, and
18 interests acquired or used for a project, the cost of demolishing or
19 removing any buildings or structures on land so acquired, including
20 the cost of acquiring any lands to which those buildings or
21 structures may be moved, the cost of all machinery and equipment,
22 financing charges, interest prior to, during, and for a period not to
23 exceed the later of one year or one year following completion of
24 construction, as determined by the authority, the cost of insurance
25 during construction, the cost of funding or financing noncapital
26 expenses, reserves for principal and interest and for extensions,
27 enlargements, additions, replacements, renovations, and
28 improvements, the cost of engineering, architectural, financial,
29 legal, and other necessary services, plans, specifications, studies,
30 surveys, estimates, administrative expenses, and other expenses
31 of funding or financing, that are necessary or incident to
32 determining the feasibility of any project, or that are incident to
33 the construction, rehabilitation, acquisition, or financing of any
34 project.

35 (e) “Department” shall mean the Department of Transportation.

36 (f) “Issuer” shall mean the authority when the authority is the
37 issuer of the bonds, and shall mean the project sponsor when the

1 authority has authorized the project sponsor to be the issuer of the
2 bonds.

3 (g) “Project” shall mean and include all or a portion of the
4 planning, design, development, finance, construction,
5 reconstruction, rehabilitation, improvement, acquisition, lease,
6 operation, or maintenance of highway, public street, rail, bus, or
7 related facilities supplemental to or improvements upon existing
8 facilities currently owned or operated by the department or other
9 project sponsor. A rail project may consist of, or include, rolling
10 stock.

11 (h) “Project sponsor” shall mean either the department, a
12 regional transportation planning agency designated pursuant to
13 Section 29532 or 29532.1, a county transportation commission as
14 defined in Section 130050, 130050.1, or 130050.2 of the Public
15 Utilities Code, any other local or regional transportation entity that
16 is designated by statute as a regional transportation agency, or a
17 joint exercise of powers authority as defined in Chapter 5
18 (commencing with Section 6500) of Division 7 of Title 1 or an
19 agency designated pursuant to Section 66531 to submit the county
20 transportation plan, with the consent of a transportation planning
21 agency or a county transportation commission for the jurisdiction
22 in which the transportation project will be developed.

23 (i) “Working capital” means moneys to be used by, or on behalf
24 of, a project sponsor to pay or prepay maintenance or operation
25 expenses or any other costs that would be treated as an expense
26 item, under generally accepted accounting principles, in connection
27 with the ownership or operation of a project, including, but not
28 limited to, reserves for maintenance or operation expenses, interest
29 for *a period* not to exceed one year on any loan for working capital
30 made pursuant to this division, and reserves for debt service with
31 respect to, and any costs necessary or incidental to, that financing.

32 SEC. 2. Section 64107 of the Government Code is amended
33 to read:

34 64107. The authority may do any of the following:

35 (a) Adopt bylaws for the regulation of its affairs and the conduct
36 of its business.

37 (b) Adopt an official seal.

38 (c) Sue and be sued in its own name.

39 (d) Receive and accept from any agency of the United States,
40 any agency of the state, or any municipality, county, or other

1 political subdivision thereof, or from any individual, association,
2 or corporation gifts, grants, or donations of moneys for achieving
3 any of the purposes of this division.

4 (e) Engage the services of private consultants to render
5 professional and technical assistance and advice in carrying out
6 the purposes of this division.

7 (f) Receive and accept from any source loans, contributions, or
8 grants for, or in aid of, the construction, financing, or refinancing
9 of a project or any portion of a project in money, property, labor,
10 or other things of value.

11 (g) Make secured or unsecured loans to, or purchase secured or
12 unsecured loans of, any project sponsor in connection with the
13 financing of a project or working capital in accordance with an
14 agreement between the authority and the project sponsor. However,
15 no loan to finance a project shall exceed the total cost of the project,
16 as determined by the project sponsor and approved by the authority.

17 (h) Make secured or unsecured loans to, or purchase secured or
18 unsecured loans of, any project sponsor in accordance with an
19 agreement between the authority and the project sponsor to
20 refinance indebtedness incurred by that project sponsor for the
21 costs of projects undertaken or for projects acquired or for working
22 capital.

23 (i) Mortgage all or any portion of the interest of the authority
24 in a project and the property on which that project is located,
25 whether owned or thereafter acquired, including the granting of a
26 security interest in any property, tangible or intangible, and to
27 assign or pledge all or any portion of the interests of the authority
28 in mortgages, deeds of trust, indentures of mortgage or trust, or
29 similar instruments, notes, and security interests in property,
30 tangible or intangible, of projects for which the authority has made
31 loans, and the revenues therefrom, including payments or income
32 from any thereof owned or held by the authority, for the benefit
33 of the holders of bonds issued to finance or refinance a project or
34 issued to refund or refinance outstanding indebtedness of project
35 sponsors as permitted by this division.

36 (j) Charge and equitably apportion among project sponsors, the
37 administrative costs and expenses incurred by the authority in the
38 exercise of its powers and duties conferred by this division.

39 (k) Participate in all things necessary and convenient to carry
40 out its purposes and exercise its powers.

1 SEC. 3. Section 64107.5 is added to the Government Code, to
2 read:

3 64107.5. The authority or issuer may do any of the following:

4 (a) Obtain, or aid in obtaining, from any department or agency
5 of the United States or of the state, any private company, any
6 insurance or guarantee as to, of, or for the payment or repayment
7 of, interest or principal, or both, or any part thereof, on any bond,
8 loan, lease, or obligation, or any instrument evidencing or securing
9 the loan, lease, or obligation, made or entered into pursuant to this
10 division; and notwithstanding any other provisions of this division,
11 to enter into any agreement, contract, or any other instrument
12 whatsoever with respect to that insurance or guarantee, to accept
13 payment in the manner and form as provided therein in the event
14 of default by a project sponsor, and to assign that insurance or
15 guarantee as security for the issuer's bonds.

16 (b) Enter into any and all agreements or contracts, including
17 agreements for liquidity and credit enhancement and interest rate
18 swaps or hedges, execute any and all instruments, and do and
19 perform any and all acts or things necessary, convenient, or
20 desirable for the purposes of the issuer or to carry out any power
21 expressly granted by this division.

22 (c) Invest any moneys held in reserve or sinking funds or any
23 moneys not required for immediate use or disbursement, at the
24 discretion of the issuer, in any obligations authorized by the
25 resolution authorizing the issuance of the bonds secured thereof
26 or authorized by law for the investment of trust funds in the custody
27 of the Treasurer.

28 (d) Employ and fix the compensation of bond counsel, financial
29 consultants, and advisers as may be necessary in its judgment in
30 connection with the issuance and administration of any bonds and
31 contract for engineering, architectural, accounting, or other services
32 as may be necessary in the judgment of the issuer for the successful
33 development of any project.

34 SEC. 4. Section 64109 of the Government Code is amended
35 to read:

36 64109. (a) To the extent permitted by law, in connection with
37 any project financed or refinanced pursuant to this division, the
38 project sponsor may pledge the following revenue sources as
39 security for revenue bonds issued under this division:

1 (1) Local transportation funds, including, but not limited to,
 2 fuel taxes, Article XIXB fuel sales taxes, local transportation sales
 3 taxes, other state revenues approved for this purpose by the
 4 Legislature or by initiative, and developer fees. To the extent that
 5 these revenue sources are within the control of a local agency, the
 6 revenue sources may only be pledged with approval of the
 7 governing board of the local agency. To the extent that these
 8 revenues are within the control of a state agency, the revenue
 9 sources may only be pledged with approval by the department and
 10 the commission.

11 (2) Tolls, on facilities where not otherwise prohibited by statute,
 12 collected by a project sponsor with the approval of the authority.

13 (b) Where the authority is issuing bonds to finance or refinance
 14 a project, the authority shall accept a project sponsor’s pledge
 15 made pursuant to subdivision (a) and pledge those revenues to the
 16 repayment of bonds issued to finance or refinance the applicable
 17 project.

18 SEC. 5. Section 64110 of the Government Code is amended
 19 to read:

20 64110. (a) A project sponsor may apply to the authority for
 21 bond issuance by the authority or project sponsor for a
 22 transportation project that has been approved by the department
 23 and the commission for construction.

24 (b) The authority shall also ensure that the following
 25 requirements are met for a project to be financed or refinanced
 26 under this division to the extent these criteria have not already
 27 been met through approval of the project by the commission:

28 (1) The project complies with all relevant statutes applicable to
 29 planning, programming, and construction of transportation
 30 improvement projects, and is contained in the constrained portion
 31 of a conforming regional transportation plan prepared pursuant to
 32 Section 65080 and identified as a project proposed to be funded
 33 under the authority provided by this division. For purposes of this
 34 subdivision, a regional transportation plan must be consistent with
 35 greenhouse gas reduction targets assigned by the State Air
 36 Resources Board, pursuant to Division 25.5 (commencing with
 37 Section 35800) of the Health and Safety Code.

38 (2) For projects on the state highway system, the project sponsor
 39 has cooperated with the department to secure its support for the

1 project and to ensure that the project is consistent with the needs
2 and requirements of the state highway system.

3 (3) The project is technically feasible in that it conforms to
4 federal standards and meets or exceeds environmental
5 requirements.

6 (4) The project is financially feasible, as determined pursuant
7 to Section 64111.

8 (5) Performance measures have been developed for the project
9 to enable the commission to track and report on the project's
10 performance to the Legislature in the commission's annual report
11 prepared pursuant to Section 14535.

12 (6) The project has support in the communities adjacent to or
13 affected by the project. To ensure that such support can be
14 demonstrated, the project sponsor shall, at a minimum, make
15 available for public review and comment the proposed project,
16 including any proposed toll schedule, no less than 30 days prior
17 to approval by the governing body with jurisdiction over the
18 project.

19 (7) In the case of highway projects, the project sponsor submits
20 to the commission and to the authority a plan that demonstrates
21 how transit service or alternative modes of transportation will be
22 enhanced in the corridor concurrent with the operation of a toll
23 facility for the purpose of ensuring that the corridor provides for
24 multiple modes of transport that accommodate all users. Nothing
25 in this section may be construed to require that toll revenues be
26 used to finance the enhancement of transit or alternative means of
27 transportation in the project corridor.

28 (c) The authority shall have no power to plan projects, or to
29 approve projects other than provided in this division. The authority
30 shall have no power to assume any of the planning, programming,
31 or allocation authority of the department or the commission.

32 (d) Beginning June 30, 2011, and annually thereafter, the
33 authority shall provide to the commission a summary of actions
34 taken in the previous calendar year, including the number of project
35 sponsors who sought financing through the authority, a description
36 of each project, a summary of the sources of funding used to
37 finance or refinance the project, and any recommendations the
38 authority may have to improve the financing of transportation
39 infrastructure, to be included in the commission's annual report
40 to the Legislature as required by Section 14535.

1 SEC. 6. Section 64111 of the Government Code is amended
2 to read:

3 64111. (a) Prior to issuing or approving the issuance of bonds
4 for a project, the authority shall determine that the revenues and
5 other moneys available for a project will be sufficient to pay debt
6 service on the bonds and to operate and maintain the project over
7 the life of the bonds consistent with the objective set forth in
8 Section 64105. The authority may hire outside consultants to assist
9 in making these determinations.

10 (b) The authority may issue or approve the issuance of bonds
11 to achieve any of its purposes under this division and bonds may
12 be issued without investment grade ratings, as long as the bonds
13 are sold only to qualified institutional buyers or accredited investors
14 who attest upon purchase that they understand the nature of the
15 risks of their investment. The bonds may be taxable or tax exempt
16 and may be sold at public or private negotiated sale. The Treasurer
17 shall serve as the agent for sale for all authority bond issues, and
18 shall be reimbursed from bond proceeds to cover the Treasurer’s
19 costs related to the issuance of these bonds. As used in this
20 subdivision, “accredited investor” shall have the meaning as
21 defined in subdivision (a) of Section 5950, and “qualified
22 institutional buyer” shall have the meaning as defined in
23 subdivision (h) of Section 5950.

24 (c) A project sponsor for which the authority has granted a
25 request that the project sponsor issue the bonds, in addition to any
26 other powers it may have under any other law, shall have all of
27 the powers of the authority under this division necessary or
28 convenient for the purpose of issuing, securing, and repaying the
29 bonds and financing or refinancing the project.

30 (d) The issuer may arrange additional credit support for the
31 bond issues. However, the authority may not compel project
32 sponsors to make use of that credit enhancement, nor compel them
33 to contribute to it by becoming part of a common credit or by
34 providing funding for a common reserve or other enhancement
35 mechanism.

36 SEC. 7. Section 64112 of the Government Code is amended to
37 read:

38 64112. Notwithstanding any other ~~provision~~ of law, the
39 authority may authorize a project sponsor, or the department, to
40 impose and collect tolls as one source of ~~financing~~ revenue to pay

1 debt service and to operate and maintain a project under the
2 following conditions:

3 (a) The governing body of the project sponsor, by a majority
4 vote of the body, or, for projects sponsored by the department, the
5 commission, has approved the imposition of tolls on users of the
6 project, or a majority of the voters within the jurisdiction of the
7 project sponsor has approved a ballot measure imposing the tolls.

8 (b) Each highway project for which tolls are imposed shall have
9 nontolled alternative lanes available for public use in the same
10 corridor as the proposed toll project. Nothing in this division shall
11 allow the conversion of any existing nontolled or non-user-fee
12 lanes into tolled or user-fee lanes, except for the conversion of
13 high-occupancy vehicle lanes into high-occupancy toll lanes,
14 consistent with the authorizations in Sections 149.1, 149.4, 149.5,
15 149.6, and 149.7 of the Streets and Highways Code.

16 (c) For highway projects, the road segment is on the state
17 highway system. Nothing in this division shall allow the imposition
18 of a toll on any local street or road.

19 (d) The approval of the tolls pursuant to subdivision (a) shall
20 require that the tolls be set and maintained at a level expected to
21 be sufficient to pay debt service, operations, and maintenance of
22 the project over the life of the bonds consistent with the objective
23 set forth in Section 64105.

24 (e) The project's financial pro forma shall incorporate life-cycle
25 costs for the project, including revenues to pay for maintenance,
26 operation, and rehabilitation.

27 (f) Subject to any constraints in the bond documents necessary
28 to make the bonds marketable, excess revenues from operation of
29 the project, including toll revenues, shall be used exclusively in
30 the corridor from which the revenue was generated to fund
31 acquisition, construction, improvement, maintenance, or operation
32 of high-occupancy vehicle facilities, other transportation purposes,
33 or transit service, including, but not limited to, support for transit
34 operations pursuant to an expenditure plan. The project sponsor,
35 in consultation with the department, shall issue an expenditure
36 plan that describes transportation improvements for the corridor;
37 ~~which.~~ *This expenditure plan* shall include projected costs, the use
38 of toll revenues, and a proposed completion schedule. The
39 expenditure plan shall be updated annually. The plan and each
40 annual update shall be made available for public review and

1 comment for ~~no~~ *not* less than 30 days prior to adoption by the
2 governing board of the project sponsor.

3 (g) Except for purposes of implementing congestion
4 management mechanisms pursuant to Section 64113, tolls ~~may~~
5 *shall* not be set to generate more revenue than the expected cost
6 of paying debt service on the bonds, contracts entered into by the
7 authority or the project sponsor in connection with the bonds,
8 funding reserves, operating and maintaining the project, repair and
9 rehabilitation of the project, and providing transportation
10 improvements to the corridor pursuant to subdivision (f).

11 ~~SEC. 7.~~

12 *SEC. 8.* Section 64115 of the Government Code is amended
13 to read:

14 64115. (a) The issuer may, from time to time, issue its
15 negotiable bonds in order to provide funds for achieving any of
16 its purposes under this division.

17 (b) Except as may otherwise be expressly provided by the issuer,
18 each of its bonds shall be payable from any revenues or moneys
19 of the issuer available therefor and not otherwise pledged, subject
20 only to any agreements with the holders of particular bonds or
21 notes pledging any particular revenues or moneys. Notwithstanding
22 that those bonds may be payable from a special fund, they shall
23 be and be deemed to be for all purposes negotiable instruments,
24 subject only to the provisions of those bonds for registration.

25 (c) The bonds may be issued as serial bonds or as term bonds,
26 or the issuer, in its discretion, may issue bonds of both types. The
27 issuance of all bonds shall be authorized by resolution and shall
28 bear the date or dates, mature at the time or times not exceeding
29 40 years from their respective dates, bear interest at the rate or
30 rates, fixed or variable, be payable at the time or times, be in the
31 denominations, be in the form, either coupon or registered, carry
32 the registration privileges, be executed in the manner, be payable
33 in lawful money of the United States of America at the place or
34 places, and be subject to the terms of redemption, as the indenture,
35 trust agreement, or other document authorized by the resolution,
36 or resolution itself may provide. The bonds or notes may be sold
37 by the Treasurer at public or private negotiated sale, after giving
38 due consideration to the recommendation of the project sponsor,
39 for such price or prices and upon such terms and conditions as the
40 issuer shall determine. The Treasurer may sell those bonds at a

1 price below the par value thereof. However, the discount on any
2 bonds so sold shall not exceed 6 percent of the par value thereof,
3 except in the case of any bonds payable in whole or in part from
4 moneys held under one or more outstanding resolutions or
5 indentures. Pending preparation of the definitive bonds, the issuer
6 may issue interim receipts or certificates or temporary bonds that
7 shall be exchanged for those definitive bonds.

8 (d) Any resolution or resolutions authorizing the issuance of
9 any bonds or any issue of bonds may contain provisions, which
10 shall be a part of the contract with the holders of the bonds to be
11 authorized, as to pledging all or any part of the revenues of a
12 project or any revenue-producing contract or contracts made by
13 the issuer with any individual, partnership, corporation, or
14 association or other body, public or private, to secure the payment
15 of the bonds or of any particular issue of bonds.

16 (e) Neither the members of the authority nor any person
17 executing the bonds shall be liable personally on the bonds or be
18 subject to any personal liability or accountability by reason of the
19 issuance thereof.

20 (f) The authority shall have power out of any funds available
21 therefor to purchase its bonds or bonds issued by a project sponsor
22 under this division. The authority may hold, pledge, cancel, or
23 resell the bonds, subject to and in accordance with agreements
24 with bondholders.

25 ~~SEC. 8.~~

26 *SEC. 9.* Section 64116 of the Government Code is amended
27 to read:

28 64116. In the discretion of the authority, any bonds issued
29 under this division may be secured by a trust agreement or
30 indenture by and between the issuer and a corporate trustee or
31 trustees, which may be the Treasurer or any trust company or bank
32 having the powers of a trust company within or without the state.
33 The trust agreement, indenture, or the resolution providing for the
34 issuance of those bonds may pledge or assign the revenues to be
35 received from a project sponsor or pursuant to any
36 revenue-producing contract or as pledged by the issuer pursuant
37 to Section 64109. The indenture, trust agreement, or resolution
38 providing for the issuance of those bonds may contain provisions
39 for protecting and enforcing the rights and remedies of the
40 bondholders as may be reasonable and proper and not in violation

1 of law, including, particularly, provisions as have been specifically
2 authorized to be included in any resolution or resolutions
3 authorizing bonds thereof. The trust agreement or indenture may
4 set forth the rights and remedies of the bondholders and of the
5 trustee or trustees, and may restrict the individual right of action
6 of bondholders. In addition to the foregoing, the indenture, trust
7 agreement, or resolution may contain other provisions as the
8 authority or issuer may deem reasonable and proper for the security
9 of the bondholders.

10 ~~SEC. 9.~~

11 *SEC. 10.* Section 64117 of the Government Code is amended
12 to read:

13 64117. Bonds issued under this division shall not be deemed
14 to constitute a debt or liability of the state or of any political
15 subdivision thereof or a pledge of the faith and credit of the state
16 or of the political subdivision, other than the issuer, but shall be
17 payable solely from the funds herein provided. The bonds shall
18 contain on the face thereof a statement to the effect that neither
19 the State of California nor the issuer shall be obligated to pay the
20 principal of, or the interest thereon, except from revenues pledged
21 therefor by the issuer, and that neither the faith and credit nor the
22 taxing power of the State of California or of any political
23 subdivision thereof is pledged to the payment of the principal of
24 or the interest on those bonds. The issuance of bonds under the
25 provisions of this division shall not directly or indirectly or
26 contingently obligate the state or any political subdivision thereof
27 to levy or to pledge any form of taxation therefor or to make any
28 appropriation for their payment.

29 ~~SEC. 10.~~

30 *SEC. 11.* Section 64118 of the Government Code is amended
31 to read:

32 64118. Any holder of bonds issued under this division or any
33 of the coupons appertaining thereto, and the trustee or trustees
34 under any indenture or trust agreement, except to the extent the
35 rights herein given may be restricted by any resolution authorizing
36 the issuance of, or any indenture or trust agreement securing, the
37 bonds, may, either at law or in equity, by suit, action, mandamus,
38 or other proceedings, protect and enforce any and all rights under
39 the laws of the state or granted hereunder or under the resolution
40 or indenture or trust agreement, and may enforce and compel the

1 performance of all duties required by this division or by the
2 resolution, indenture, or trust agreement to be performed by the
3 issuer or by any officer, employee, or agent thereof.

4 ~~SEC. 11.~~

5 *SEC. 12.* Section 64119 of the Government Code is amended
6 to read:

7 64119. All moneys received pursuant to this division, whether
8 as proceeds from the sale of bonds or as revenues, shall be deemed
9 to be trust funds to be held and applied solely as provided in this
10 division. Until the funds are applied as provided in this division,
11 and notwithstanding any other provision of law, the moneys may
12 be invested in any obligations or securities authorized by resolution
13 authorizing the issuance of the bonds or indenture or trust
14 agreement securing the bonds. Any officer with whom, or any
15 bank or trust company with which, the moneys are deposited shall
16 act as trustee of the moneys and shall hold and apply the moneys
17 for the purposes hereof, subject to any regulations adopted pursuant
18 to this division, and the resolution authorizing the issuance of the
19 bonds or the indenture or trust agreement securing the bonds.

20 ~~SEC. 12.~~

21 *SEC. 13.* Section 64120 of the Government Code is amended
22 to read:

23 64120. (a) The issuer may provide for the issuance of bonds
24 for the purpose of refunding any bonds or any series or issue of
25 bonds of the issuer then outstanding, including the payment of any
26 redemption premium thereon and any interest accrued or to accrue
27 to the date of redemption, purchase, or maturity of the bonds.

28 (b) The proceeds of any bonds issued for the purpose of
29 refunding of outstanding bonds may, in the discretion of the issuer,
30 be applied to the purchase, redemption prior to maturity, or
31 retirement at maturity of any outstanding bonds on their earliest
32 redemption date or dates, upon their purchase or maturity, or paid
33 to a third person to assume the issuer's obligation to make the
34 payments, and may, pending that application, be placed in escrow
35 to be applied to the purchase, retirement at maturity, or redemption
36 on the date or dates determined by the issuer.

37 (c) Any proceeds placed in escrow may, pending their use, be
38 invested and reinvested in obligations or securities authorized by
39 resolutions of the issuer, payable or maturing at the time or times
40 as are appropriate to ensure the prompt payment of the principal,

1 interest, and redemption premium, if any, of the outstanding bonds
2 to be refunded at maturity or redemption of the bonds to be
3 refunded either at their earliest redemption date or dates or any
4 subsequent redemption date or dates or for payment of interest on
5 the refunding bonds on or prior to the final date of redemption or
6 payment of the bonds to be refunded. After the terms of the escrow
7 have been fully satisfied and carried out, any balance of the
8 proceeds and interest, income, and profits, if any, earned or realized
9 on the investments thereof may be returned to the issuer for use
10 by the issuer.

11 (d) All of the refunding bonds are subject to this division in the
12 same manner and to the same extent as other bonds issued pursuant
13 to this division.

14 ~~SEC. 13.~~

15 *SEC. 14.* Section 64121 of the Government Code is amended
16 to read:

17 64121. Bonds issued under this division are hereby made
18 securities in which all banks, bankers, savings banks, trust
19 companies and other persons carrying on a banking business, all
20 insurance companies, insurance associations and other persons
21 carrying on an insurance business, and all administrators, executors,
22 guardians, trustees and other fiduciaries, and all other persons
23 whatsoever who now are or may hereafter be authorized to invest
24 in bonds or other obligations of the state, may properly and legally
25 invest any funds, including capital belonging to them or within
26 their control; and the bonds, notes, or other securities or obligations
27 are hereby made securities that may properly and legally be
28 deposited with and received by any state or municipal officers or
29 agency of the state for any purpose for which the deposit of bonds
30 or other obligations of the state is now or may hereafter be
31 authorized by law.

32 ~~SEC. 14.~~

33 *SEC. 15.* Section 64124 of the Government Code is amended
34 to read:

35 64124. A pledge by or to the issuer of revenues, moneys,
36 accounts, accounts receivable, contract rights, and other rights to
37 payment of whatever kind made by or to the issuer pursuant to the
38 authority granted in this division shall be valid and binding from
39 the time the pledge is made for the benefit of pledges and
40 successors thereto. The revenues, moneys, accounts, accounts

1 receivable, contract rights, and other rights to payment of whatever
2 kind pledged by or to the issuer or its assignees shall immediately
3 be subject to the lien of the pledge without physical delivery or
4 further act. The lien of the pledge shall be valid and binding against
5 all parties, irrespective of whether the parties have notice of the
6 claim. The indenture, trust agreement, resolution, or another
7 instrument by which the pledge is created need not be recorded.

8 ~~SEC. 15.~~

9 *SEC. 16.* Section 64125 of the Government Code is amended
10 to read:

11 64125. Each lease agreement, note, mortgage, or other
12 instrument evidencing the obligations of a project sponsor shall
13 provide that the rents or principal, interest, and other charges
14 payable by the project sponsor shall be sufficient at all times, (a)
15 to pay the principal of, sinking fund payments, if any, the premium,
16 if any, and the interest on outstanding bonds issued in respect of
17 such project as the same shall become due and payable, (b) to
18 create and maintain reserves which may, but need not, be required
19 or provided for in the resolution relating to the bonds, and (c) to
20 pay its share of the administrative costs and expenses of the
21 authority. The issuer shall pledge the revenues derived, and to be
22 derived, from a project or from a project sponsor for the purposes
23 specified in (a), (b), and (c) of the preceding sentence and
24 additional bonds may be issued which may rank on a parity with
25 other bonds relating to the project to the extent and on the terms
26 and conditions provided in the bond resolution.

27 ~~SEC. 16.~~

28 *SEC. 17.* Section 64126 of the Government Code is amended
29 to read:

30 64126. When the principal of and interest on bonds issued by
31 the authority to finance the cost of a project or working capital or
32 to refinance outstanding indebtedness of one or more project
33 sponsors, including any refunding bonds issued to refund and
34 refinance those bonds, have been fully paid and retired or when
35 adequate provision has been made to fully pay and retire those
36 bonds, and all other conditions of the resolution, the lease, the trust
37 indenture and any mortgage or deed of trust, security interest, or
38 any other instrument or instruments authorizing and securing the
39 bonds have been satisfied and the lien of the mortgage, deed of
40 trust, or security interest has been released in accordance with the

1 provisions thereof, the authority shall promptly do all things and
2 execute those releases, release deeds, reassignments, deeds, and
3 conveyances necessary and required to convey or release any
4 rights, title, and interest of the authority in the project so financed
5 or refinanced, or securities or instruments pledged or transferred
6 to secure the bonds, to the project sponsor or sponsors.

7 ~~SEC. 17.~~

8 *SEC. 18.* Section 64127 of the Government Code is amended
9 to read:

10 64127. (a) This division shall be deemed to provide a complete,
11 additional, and alternative method for doing the things authorized
12 by this code, and shall be regarded as supplemental and additional
13 to powers conferred by other laws. The issuance of bonds and
14 refunding bonds and the financing or refinancing of projects or
15 the imposition and collection of tolls under this division need not
16 comply with any other law applicable to the issuance of bonds or
17 the collection of tolls, including, but not limited to, Division 13
18 (commencing with Section 21000) of the Public Resources Code.

19 (b) Except as provided in subdivision (a), the financing of a
20 project pursuant to this division shall not exempt a project from
21 any requirement of law that is otherwise applicable to the project,
22 and the project sponsor shall provide documentation, before the
23 authority approves the issuance of bonds for the project, that the
24 project has complied with Division 13 (commencing with Section
25 21000) of the Public Resources Code, or is not a project under that
26 division.

27 ~~SEC. 18.~~

28 *SEC. 19.* Section 64132 of the Government Code is amended
29 to read:

30 64132. (a) The California Transportation Financing Authority
31 Fund is hereby created and continued in existence in the State
32 Treasury, to be administered by the authority. Notwithstanding
33 Section 13340 of the Government Code, all moneys in the funds
34 shall be continuously appropriated without regard to fiscal year
35 for the purposes of this division. The authority may pledge any or
36 all of the moneys in the fund as security for payment of the
37 principal of, and interest on, any particular bonds issued by the
38 authority, or any particular secured or unsecured loan made
39 pursuant to subdivision (g) or (h) of Section 64107, and, for that
40 purpose or as necessary or convenient to the accomplishment of

1 any other purpose of the authority, may divide the fund into
2 separate accounts. All moneys accruing to the authority pursuant
3 to this part from whatever source shall be deposited in the fund.

4 (b) Subject to the priorities that may be created by the pledge
5 of particular moneys in the fund to secure any bonds issued by the
6 authority, and subject further to the costs of loans provided by the
7 authority pursuant to subdivisions (g) and (h) of Section 64107,
8 and subject further to any reasonable costs that may be incurred
9 by the authority in administering the program authorized by this
10 division, all moneys in the fund derived from any source shall be
11 held in trust for the security and payment of bonds issued by the
12 authority and shall not be used or pledged for any other purpose
13 so long as the bonds are outstanding and unpaid. However, nothing
14 in this section shall limit the power of the authority to make loans
15 with the proceeds of bonds in accordance with the terms of the
16 resolution authorizing the same.

17 (c) Pursuant to any agreements with the holders of particular
18 bonds pledging any particular assets, revenues, or moneys, the
19 authority may create separate accounts in the fund to manage
20 assets, revenues, or moneys in the manner set forth in the
21 agreements.

22 (d) The authority may, from time to time, direct the Treasurer
23 to invest moneys in the fund that are not required for its current
24 needs, including proceeds from the sale of any bonds, in the eligible
25 securities specified in Section 16430 as the agency shall designate.
26 The authority may direct the Treasurer to deposit moneys in
27 interest-bearing accounts in state or national banks or other
28 financial institutions having principal offices in this state. The
29 authority may alternatively require the transfer of moneys in the
30 fund to the Surplus Money Investment Fund for investment
31 pursuant to Article 4 (commencing with Section 16470) of Chapter
32 3 of Part 2 of Division 4 of Title 2. All interest or other increment
33 resulting from an investment or deposit shall be deposited in the
34 fund, notwithstanding Section 16305.7. Moneys in the fund shall
35 not be subject to transfer to any other fund pursuant to any
36 provision of Part 2 (commencing with Section 16300) of Division
37 4 of Title 2, excepting the Surplus Money Investment Fund.

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