

Introduced by Senator HancockFebruary 22, 2013

An act to amend Sections 6588, 53316.2, 53340, 53350, and 53363.9 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 692, as introduced, Hancock. Local government: community facilities districts.

(1) The Mello-Roos Community Facilities Act of 1982 authorizes the legislative bodies of 2 or more local agencies, 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, to enter into a joint community facilities agreement or into a joint exercise of powers agreement, pursuant to the Joint Exercise of Powers Act, to exercise any power authorized by the Mello-Roos Community Facilities Act of 1982 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 bill would specify that this authorization is not intended to limit the ability of a joint powers authority created pursuant to the Joint Exercise of Powers Act to exercise powers authorized by the Marks-Roos Local Bond Pooling Act of 1985.

(2) Under the Mello-Roos Community Facilities Act of 1982, after a community facilities district has been created and authorized to levy specified special taxes, the legislative body may, by ordinance, levy the special taxes at the rate and apportion them in the manner specified in the resolution forming the community facilities district. The act also

authorizes the annexation of territory to the community facilities district by unanimous approval of the owner or owners following the formation of that district.

This bill would authorize the legislative body, in the case of a community facilities district that includes property proposed to be annexed to the district at a future date by unanimous approval, to, by ordinance, provide for the imposition of special taxes on that property, as specified.

(3) The Mello-Roos Community Facilities Act of 1982 authorizes the legislative body to, by resolution, designate a portion or portions of the district as one or more improvement areas for purposes of the financing of, or contributing to the financing of, specified public facilities, as specified, and following the designation, authorizes all proceedings for purposes of a bond election and for the purpose of levying special taxes for payment of the bonds, or for any other change, to apply only to the improvement area for those specified facilities.

This bill would authorize the legislative body to, designate a parcel or parcels of property included in a community facilities district by unanimous approval, as specified, as an improvement area without additional hearings or procedures, as specified. The bill would specify that following the designation, all proceedings for approval of the appropriations limit, the rate and method of apportionment and manner of collection of special taxes, and the authorization to incur bonded indebtedness for the parcel or parcels applies only within the improvement area.

(4) The Mello-Roos Community Facilities Act of 1982 authorizes the legislative body to incur bonded indebtedness, as specified, and authorizes any refunding bonds issued to be exchanged for the bonds to be refunded on such basis as the legislative body determines is for the benefit of the district. The legislative body is also authorized to sell the refunding bonds at public or private sale, and to place the proceeds of any sale of refunding bonds for cash in the “refunding fund” in the treasury of the local agency. The funds in the “revolving account” are required to be secured and may be invested in accordance with any other laws applicable to the funds of the local agency. Existing law requires the proceeds and investments in the “refunding fund” at the time of issuance of the refunding bonds, as certified by a certified public accountant, to be in an amount sufficient to pay the principal, interest, and redemption premiums, if any, on the refunded bonds as they become due or at designated dates prior to maturity and the designated costs of

issuance of the refunding bonds, or to pay the principal, 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, the principal and any redemption premiums due on the refunded bonds at maturity or upon that designated date or dates, and the designated costs of issuance of the refunding bonds.

This bill would, with regard to the proceeds and any other cash in the “refunding fund,” require those funds to be held uninvested or invested in noncallable obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when those obligations are backed by the full faith and credit of the United States of America, and requires those proceeds to be in an amount sufficient to pay the principal, interest, and redemption premiums, if any, on the refunded bonds as they become due or at designated dates prior to maturity, in which case certification of a certified public accountant is not required.

(5) The Joint Exercise of Powers Act authorizes the legislative or other governing bodies of 2 or more public agencies to jointly exercise by agreement any power common to the contracting parties, as specified, and authorizes that joint powers authority to exercise various powers, including, among others, the power to take title to, and sell by installment sale or otherwise, 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.

This bill would additionally authorize the joint powers authority to 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.

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

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

1 SECTION 1. Section 6588 of the Government Code is amended
2 to read:

1 6588. In addition to other powers specified in an agreement
2 pursuant to Article 1 (commencing with Section 6500) and Article
3 2 (commencing with Section 6540), the authority may do any or
4 all of the following:

5 (a) Adopt bylaws for the regulation of its affairs and the conduct
6 of its business.

7 (b) Sue and be sued in its own name.

8 (c) Issue bonds, including, at the option of the authority, bonds
9 bearing interest, to pay the cost of any public capital improvement,
10 working capital, or liability or other insurance program. In addition,
11 for any purpose for which an authority may execute and deliver
12 or cause to be executed and delivered certificates of participation
13 in a lease or installment sale agreement with any public or private
14 entity, the authority, at its option, may issue or cause to be issued
15 bonds, rather than certificates of participation, and enter into a
16 loan agreement with the public or private entity.

17 (d) Engage the services of private consultants to render
18 professional and technical assistance and advice in carrying out
19 the purposes of this article.

20 (e) As provided by applicable law, employ and compensate
21 bond counsel, financial consultants, and other advisers determined
22 necessary by the authority in connection with the issuance and sale
23 of any bonds.

24 (f) Contract for engineering, architectural, accounting, or other
25 services determined necessary by the authority for the successful
26 development of a public capital improvement.

27 (g) Pay the reasonable costs of consulting engineers, architects,
28 accountants, and construction, land-use, recreation, and
29 environmental experts employed by any sponsor or participant if
30 the authority determines those services are necessary for the
31 successful development of public capital improvements.

32 (h) Take title to, ~~and~~ sell by installment sale or otherwise, *or*
33 *lease* lands, structures, real or personal property, rights,
34 rights-of-way, franchises, easements, and other interests in lands
35 that are located within the state that the authority determines are
36 necessary or convenient for the financing of public capital
37 improvements, or any portion thereof.

38 (i) Receive and accept from any source, loans, contributions,
39 or grants, in either money, property, labor, or other things of value,
40 for, or in aid of, the construction financing, or refinancing of public

1 capital improvement, or any portion thereof or for the financing
2 of working capital or insurance programs, or for the payment of
3 the principal of and interest on bonds if the proceeds of those bonds
4 are used for one or more of the purposes specified in this section.

5 (j) Make secured or unsecured loans to any local agency in
6 connection with the financing of capital improvement projects,
7 working capital or insurance programs in accordance with an
8 agreement between the authority and the local agency. However,
9 no loan shall exceed the total cost of the public capital
10 improvements, working capital or insurance needs of the local
11 agency as determined by the local agency and by the authority.

12 (k) Make secured or unsecured loans to any local agency in
13 accordance with an agreement between the authority and the local
14 agency to refinance indebtedness incurred by the local agency in
15 connection with public capital improvements undertaken and
16 completed.

17 (l) Mortgage all or any portion of its interest in public capital
18 improvements and the property on which any project is located,
19 whether owned or thereafter acquired, including the granting of a
20 security interest in any property, tangible or intangible.

21 (m) Assign or pledge all or any portion of its interests in
22 mortgages, deeds of trust, indentures of mortgage or trust, or
23 similar instruments, notes, and security interests in property,
24 tangible or intangible, of a local agency to which the authority has
25 made loans, and the revenues therefrom, including payment or
26 income from any interest owned or held by the authority, for the
27 benefit of the holders of bonds issued to finance public capital
28 improvements. The pledge of moneys, revenues, accounts, contract
29 rights, or rights to payment of any kind made by or to the authority
30 pursuant to the authority granted in this part shall be valid and
31 binding from the time the pledge is made for the benefit of the
32 pledgees and successors thereto, against all parties irrespective of
33 whether the parties have notice of the claim.

34 (n) Lease the public capital improvements being financed to a
35 local agency, upon terms and conditions that the authority deems
36 proper; charge and collect rents therefor; terminate any lease upon
37 the failure of the lessee to comply with any of the obligations of
38 the lease; include in any lease provisions that the lessee shall have
39 options to renew the lease for a period or periods, and at rents as
40 determined by the authority; purchase or sell by an installment

1 agreement or otherwise any or all of the public capital
2 improvements; or, upon payment of all the indebtedness incurred
3 by the authority for the financing or refinancing of the public
4 capital improvements, the authority may convey any or all of the
5 project to the lessee or lessees.

6 (o) Charge and apportion to local agencies that benefit from its
7 services the administrative costs and expenses incurred in the
8 exercise of the powers authorized by this article. These fees shall
9 be set at a rate sufficient to recover, but not exceed, the authority's
10 costs of issuance and administration. The fee charged to each local
11 obligation acquired by the pool shall not exceed that obligation's
12 proportionate share of those costs. The level of these fees shall be
13 disclosed to the California Debt and Investment Advisory
14 Commission pursuant to Section 6599.1.

15 (p) Issue, obtain, or aid in obtaining, from any department or
16 agency of the United States or of the state, or any private company,
17 any insurance or guarantee to, or for, the payment or repayment
18 of interest or principal, or both, or any part thereof, on any loan,
19 lease, or obligation or any instrument evidencing or securing the
20 same, made or entered into pursuant to this article.

21 (q) Notwithstanding any other provision of this article, enter
22 into any agreement, contract, or any other instrument with respect
23 to any insurance or guarantee; accept payment in the manner and
24 form as provided therein in the event of default by a local agency;
25 and assign any insurance or guarantee that acts as security for the
26 authority's bonds.

27 (r) Enter into any agreement or contract, execute any instrument,
28 and perform any act or thing necessary, convenient, or desirable
29 to carry out any power authorized by this article.

30 (s) Invest any moneys held in reserve or sinking funds, or any
31 moneys not required for immediate use or disbursement, in
32 obligations that are authorized by law for the investment of trust
33 funds.

34 (t) At the request of affected local agencies, combine and pledge
35 revenues to public capital improvements for repayment of one or
36 more series of bonds issued pursuant to this article.

37 (u) Delegate to any of its individual parties or other responsible
38 individuals the power to act on its behalf subject to its general
39 direction, guidelines, and oversight.

1 (v) Purchase, with the proceeds of its bonds or its revenue, bonds
2 issued by any local agency at public or negotiated sale. Bonds
3 purchased pursuant to this subdivision may be held by the authority
4 or sold to public or private purchasers at public or negotiated sale,
5 in whole or in part, separately or together with other bonds issued
6 by the authority.

7 (w) Purchase, with the proceeds of its bonds or its revenue, VLF
8 receivables sold to the authority pursuant to Section 6588.5. VLF
9 receivables so purchased may be pledged to the payment of bonds
10 issued by the authority or may be resold to public or private
11 purchasers at public or negotiated sale, in whole or in part,
12 separately or together with other VLF receivables purchased by
13 the authority.

14 (x) (1) Purchase, with the proceeds of its bonds or its revenue,
15 Proposition 1A receivables pursuant to Section 6588.6. Proposition
16 1A receivables so purchased may be pledged to the payment of
17 bonds issued by the authority or may be resold to public or private
18 purchasers at public or negotiated sales, in whole or in part,
19 separately or together with other Proposition 1A receivables
20 purchased by the authority.

21 (2) (A) All entities subject to a reduction of ad valorem property
22 tax revenues required under Section 100.06 of the Revenue and
23 Taxation Code pursuant to the suspension set forth in Section
24 100.05 of the Revenue and Taxation Code shall be afforded the
25 opportunity to sell their Proposition 1A receivables to the authority.

26 (B) If these entities offer Proposition 1A receivables to the
27 authority for purchase and duly authorize the sale of the Proposition
28 1A receivable pursuant to documentation approved by the
29 authority, the authority shall purchase all Proposition 1A
30 receivables so offered to the extent it can sell bonds therefor. If
31 the authority does not purchase all Proposition 1A receivables
32 offered, it shall purchase a pro rata share of each entity's offered
33 Proposition 1A receivables.

34 (C) The authority may establish a deadline, no earlier than
35 November 3, 2009, by which these entities shall offer their
36 Proposition 1A receivables for sale to the authority and complete
37 the application required by the authority.

38 (3) For purposes of meeting costs incurred in performing its
39 duties relative to the purchase and sale of Proposition 1A
40 receivables, the authority shall be authorized to charge a fee to

1 each entity from which it purchases a Proposition 1A receivable.
2 The fee shall be computed based on the percentage value of the
3 Proposition 1A receivable purchased from each entity, in relation
4 to the value of all Proposition 1A receivables purchased by the
5 authority. The amount of the fee shall be paid from the proceeds
6 of the bonds and shall be included in the principal amount of the
7 bonds.

8 (4) Terms and conditions of any and all fees and expenses
9 charged by the authority, or those it contracts with, and the terms
10 and conditions of sales of Proposition 1A receivables and bonds
11 issued pursuant to this subdivision, including the terms of optional
12 early redemption provisions, if any, shall be approved by the
13 Treasurer and the Director of Finance, who shall not unreasonably
14 withhold their approval. The aggregate principal amount of all
15 bonds issued pursuant to this subdivision shall not exceed two
16 billion two hundred fifty million dollars (\$2,250,000,000), and the
17 rate of interest paid on those bonds shall not exceed 8 percent per
18 annum. The authority shall exercise its best efforts to obtain the
19 lowest cost financing possible. Any and all premium obtained shall
20 be used for either of the following:

21 (A) Applied to pay the costs of issuance of the bonds.

22 (B) Deposited in a trust account that is pledged to bondholders
23 and used solely for the payment of interest on, or for repayment
24 of, the bonds.

25 (5) (A) In connection with any financing backed by Proposition
26 1A receivables, the Treasurer may retain financial advisors, legal
27 counsel, and other consultants to assist in performing the duties
28 required by this chapter and related to that financing.

29 (B) Notwithstanding any other ~~provision of~~ law, none of the
30 following shall apply to any agreements entered into by the
31 Treasurer pursuant to subparagraph (A) in connection with any
32 Proposition 1A financing:

33 (i) Section 11040 of the Government Code.

34 (ii) Section 10295 of the Public Contract Code.

35 (iii) Article 3 (commencing with Section 10300) and Article 4
36 (commencing with Section 10335) of, Chapter 2 of Part 2 of
37 Division 2 of the Public Contract Code, except for the authority
38 of the Department of Finance under Section 10336 of the Public
39 Contract Code to direct a state agency to transmit to it a contract

1 for review, and except for Section 10348.5 of the Public Contract
2 Code.

3 (C) Any costs incurred by the Treasurer in connection with any
4 Proposition 1A financing shall be reimbursed out of the proceeds
5 of the financing.

6 (y) Set any other terms and conditions on any purchase or sale
7 pursuant to this section as it deems by resolution to be necessary,
8 appropriate, and in the public interest, in furtherance of the
9 purposes of this article.

10 SEC. 2. Section 53316.2 of the Government Code is amended
11 to read:

12 53316.2. (a) A community facilities district may finance
13 facilities to be owned or operated by a public agency other than
14 the agency that created the district, or services to be provided by
15 a public agency other than the agency that created the district, or
16 any combination, only pursuant to a joint community facilities
17 agreement or a joint exercise of powers agreement adopted pursuant
18 to this section. A joint community facilities agreement or a joint
19 exercise of powers agreement with a state or federal agency shall
20 not be required if the local agency that created the district is the
21 agency that would, in the absence of the district, enter into an
22 agreement with the state or federal agency for the provision of the
23 facilities or services, or if the local agency that created the district
24 enters into a joint agreement with the public agency that would,
25 in the absence of the district, enter into an agreement with the state
26 or federal agency for the provision of the facilities or services.

27 (b) At any time prior to the adoption of the resolution of
28 formation creating a community facilities district or a resolution
29 of change to alter a district, or a resolution or resolutions
30 authorizing issuance of bonds pursuant to Section 53356, the
31 legislative bodies of two or more local agencies may enter into a
32 joint community facilities agreement pursuant to this section and
33 Sections 53316.4 and 53316.6 or into a joint exercise of powers
34 agreement pursuant to the Joint Exercise of Powers Act (Chapter
35 5 (commencing with Section 6500) of Division 7 of Title 1) to
36 exercise any power authorized by this chapter with respect to the
37 community facilities district being created or changed if the
38 legislative body of each entity adopts a resolution declaring that
39 the joint agreement would be beneficial to the residents of that
40 entity. *This subdivision shall not be construed to limit the ability*

1 *of a joint powers authority created pursuant to the Joint Exercise*
2 *of Powers Act to exercise the powers authorized by the Joint*
3 *Exercise of Powers Act.*

4 (c) Notwithstanding the Joint Exercise of Powers Act, a
5 contracting party may use the proceeds of any special tax or charge
6 levied pursuant to this chapter or, in the case of facilities, of any
7 bonds or other indebtedness issued pursuant to this chapter to
8 provide facilities or services which that contracting party is
9 otherwise authorized by law to provide, even though another
10 contracting party does not have the power to provide those facilities
11 or services.

12 (d) Notwithstanding subdivision (b), nothing in this section
13 shall prevent entry into or amendment of a joint community
14 facilities agreement or a joint exercise of powers agreement at any
15 time, if the new agreement or amendment is necessary, as
16 determined by the legislative body, for either of the following
17 reasons:

18 (1) To allow an orderly transition of governmental facilities and
19 finances in the case of any change in governmental organization
20 approved pursuant to the Cortese-Knox-Hertzberg Local
21 Government Reorganization Act of 2000 (Division 3 (commencing
22 with Section 56000) of Title 5) or other law governing the
23 reorganization of any agency that is a party to the agreement.

24 (2) To allow participation in the agreement by a state or federal
25 agency, including, but not limited to, the California Department
26 of Transportation. Participation in an agreement by a state or
27 federal agency is purely optional.

28 (e) Notwithstanding any other provision of this chapter, no local
29 agency that is party to a joint exercise of powers agreement or
30 joint community facilities agreement shall have primary
31 responsibility for formation of a district, or for an extension of
32 authorized facilities and services or a change in special taxes
33 pursuant to Article 3 (commencing with Section 53330), unless
34 that local agency is one or more of the following:

35 (1) A city, a county, or a city and county.

36 (2) An agency created pursuant to a joint powers agreement that
37 is separate from the parties to the agreement, is responsible for the
38 administration of the agreement, and is subject to the notification
39 requirement of Section 6503.5.

1 (3) An agency that is reasonably expected to have responsibility
2 for providing facilities or services to be financed by a larger share
3 of the proceeds of special taxes and bonds of the district or districts
4 created or changed pursuant to the joint exercise of powers
5 agreement or the joint community facilities agreement than any
6 other local agency.

7 SEC. 3. Section 53340 of the Government Code is amended
8 to read:

9 53340. (a) After a community facilities district has been
10 created and authorized to levy specified special taxes pursuant to
11 Article 2 (commencing with Section 53318), Article 3
12 (commencing with Section 53330), or Article 3.5 (commencing
13 with Section 53339), the legislative body may, by ordinance, levy
14 the special taxes at the rate and apportion them in the manner
15 specified in the resolution adopted pursuant to Article 2
16 (commencing with Section 53318), Article 3 (commencing with
17 Section 53330), or Article 3.5 (commencing with Section 53339).
18 *After creation of a community facilities district that includes*
19 *territory proposed for annexation in the future by unanimous*
20 *approval as described in subdivision (b) of Section 53339.3, the*
21 *legislative body may, by ordinance, provide for the levy of special*
22 *taxes on parcels that will be annexed to the community facilities*
23 *district at the rate or rates to be approved unanimously by the*
24 *owner or owners of each parcel or parcels to be annexed to the*
25 *community facilities district and for apportionment and collection*
26 *of the special taxes in the manner specified in the resolution of*
27 *formation.*

28 (b) The legislative body may provide, by resolution, for the levy
29 of the special tax in the current tax year or future tax years at the
30 same rate or at a lower rate than the rate provided by the ordinance,
31 if the resolution is adopted and a certified list of all parcels subject
32 to the special tax levy including the amount of the tax to be levied
33 on each parcel for the applicable tax year, is filed by the clerk or
34 other official designated by the legislative body with the county
35 auditor on or before the 10th day of August of that tax year. The
36 clerk or other official designated by the legislative body may file
37 the certified list after the 10th of August but not later than the 21st
38 of August if the clerk or other official obtains prior written consent
39 of the county auditor.

1 (c) Properties or entities of the state, federal, or local
2 governments shall, except for properties that a local agency is a
3 landowner of within the meaning of subdivision (f) of Section
4 53317, or except as otherwise provided in Section 53317.3, be
5 exempt from the special tax. No other properties or entities are
6 exempt from the special tax unless the properties or entities are
7 expressly exempted in the resolution of formation to establish a
8 district adopted pursuant to Section 53325.1 or in a resolution of
9 consideration to levy a new special tax or special taxes or to alter
10 the rate or method of apportionment of an existing special tax as
11 provided in Section 53334.

12 (d) The proceeds of any special tax may only be used to pay,
13 in whole or part, the cost of providing public facilities, services,
14 and incidental expenses pursuant to this chapter.

15 (e) The special tax shall be collected in the same manner as
16 ordinary ad valorem property taxes are collected and shall be
17 subject to the same penalties and the same procedure, sale, and
18 lien priority in case of delinquency as is provided for ad valorem
19 taxes, unless another procedure has been authorized in the
20 resolution of formation establishing the district and adopted by
21 the legislative body.

22 (f) (1) Notwithstanding subdivision (e), the legislative body of
23 the district may waive all or any specified portion of the
24 delinquency penalties and redemption penalties if it makes all of
25 the following determinations:

26 (A) The waivers shall apply only to parcels delinquent at the
27 time of the determination.

28 (B) The waivers shall be available only with respect to parcels
29 for which all past due and currently due special taxes and all other
30 costs due are paid in full within a limited period of time specified
31 in the determination.

32 (C) The waivers shall be available only with respect to parcels
33 sold or otherwise transferred to new owners unrelated to the owner
34 responsible for the delinquency.

35 (D) The waivers are in the best interest of the debtholders.

36 (2) The charges with penalties to be waived shall be removed
37 from the tax roll pursuant to Section 53356.2 and local
38 administrative procedures, and any distributions made to the district
39 prior to collection pursuant to Chapter 3 (commencing with Section

1 4701) of Part 8 of Division 1 of the Revenue and Taxation Code
2 shall be repaid by the district prior to granting the waiver.

3 (g) The tax collector may collect the special tax at intervals as
4 specified in the resolution of formation, including intervals
5 different from the intervals determining when the ordinary ad
6 valorem property taxes are collected. The tax collector may deduct
7 the reasonable administrative costs incurred in collecting the special
8 tax.

9 (h) All special taxes levied by a community facilities district
10 shall be secured by the lien imposed pursuant to Section 3115.5
11 of the Streets and Highways Code. This lien shall be a continuing
12 lien and shall secure each levy of special taxes. The lien of the
13 special tax shall continue in force and effect until the special tax
14 obligation is prepaid, permanently satisfied, and canceled in
15 accordance with Section 53344 or until the special tax ceases to
16 be levied by the legislative body in the manner provided in Section
17 53330.5. If any portion of a parcel is encumbered by a lien pursuant
18 to this chapter, the entirety of the parcel shall be encumbered by
19 that lien.

20 SEC. 4. Section 53350 of the Government Code is amended
21 to read:

22 53350. (a) For purposes of financing of, or contributing to
23 the financing of, specified public facilities, the legislative body
24 may by resolution designate a portion or portions of the district as
25 one or more improvement areas. An area shall be known as
26 “Improvement Area No. ____” of “Community Facilities District
27 ____.” After the designation of an improvement area, all
28 proceedings for purposes of a bond election and for the purpose
29 of levying special taxes for payment of the bonds, or for any other
30 change pursuant to Article 3 (commencing with Section 53330),
31 shall apply only to the improvement area for those specified
32 facilities.

33 (b) *In connection with the annexation by unanimous approval*
34 *to a community facilities district of a parcel that was included in*
35 *territory proposed for annexation in the future to the community*
36 *facilities district, as described in Section 53329.6, the local agency*
37 *may, without additional hearings or procedures, designate a parcel*
38 *or parcels as an improvement area within the community facilities*
39 *district. After the designation of a parcel or parcels as an*
40 *improvement area, all proceedings for approval of the*

1 *appropriations limit, the rate and method of apportionment and*
2 *manner of collection of special taxes, and the authorization to*
3 *incur bonded indebtedness for the parcel or parcels shall apply*
4 *only to the improvement area.*

5 SEC. 5. Section 53363.9 of the Government Code is amended
6 to read:

7 53363.9. (a) The proceeds and investments in the “refunding
8 fund” shall be in an amount sufficient to meet either the
9 requirements of ~~paragraph (a) or paragraph (b)~~ *paragraph (1) or*
10 *paragraph (2)* at the time of issuance of the refunding bonds, as
11 certified by a certified public accountant licensed to practice in
12 this state.

13 ~~(a)~~

14 (1) The proceeds and investments, together with any interest or
15 other gain to be derived from any such investment, shall be in an
16 amount sufficient to pay the principal, interest, and redemption
17 premiums, if any, on the refunded bonds as they become due or
18 at designated dates prior to maturity and the designated costs of
19 issuance of the refunding bonds.

20 ~~(b)~~

21 (2) The proceeds and investments, together with any interest or
22 other gain to be derived from any such investment, shall be in an
23 amount sufficient to pay the principal, interest, and redemption
24 premiums, if any, on the refunding bonds prior to the maturity of
25 the bonds to be refunded or prior to a designated date or dates
26 before the maturity of the bonds to be refunded, the principal and
27 any redemption premiums due on the refunded bonds at maturity
28 or upon that designated date or dates, and the designated costs of
29 issuance of the refunding bonds.

30 (b) *The proceeds and any other cash in the “refunding fund”*
31 *shall be held uninvested or shall be invested in noncallable*
32 *obligations of, or obligations guaranteed as to principal and*
33 *interest by, the United States of America or any agency or*
34 *instrumentality thereof, when those obligations are backed by the*
35 *full faith and credit of the United States of America, and shall be*
36 *in an amount sufficient to pay the principal, interest, and*
37 *redemption premiums, if any, on the refunded bonds as they become*
38 *due or at designated dates prior to maturity, in which case*
39 *certification of a certified public accountant licensed to practice*
40 *in this state shall not be required.*

O