

Assembly Bill No. 528

CHAPTER 487

An act relating to revenue bonds.

[Approved by Governor September 27, 1999. Filed
with Secretary of State September 27, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

AB 528, Papan. Revenue bonds: joint powers authorities.

Under existing law, any agency, commission, or board provided by a joint exercise of powers agreement may issue revenue bonds to pay the cost and expenses of acquiring or constructing a project as defined, or conducting a program for any of various enumerated purposes.

This bill would specify that the issuance of specified joint powers authority revenue bonds of designated joint powers authorities for designated transportation and water facilities and the use of bond proceeds to finance these projects are valid.

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

SECTION 1. The Legislature hereby finds and declares the following:

(a) The California Transit Finance Corporation and the WasteReuse Association of California, based on statewide surveys, determined that there were capital project needs of their members that could reasonably be expected to require borrowing to finance.

(b) Bond counsel and disclosure counsel, after a detailed review, concluded that the creation of bond pools by several transit agencies and several water agencies was authorized pursuant to Article 2 (commencing with Section 6540) of Chapter 5 of Division 7 of Title 1 of the Government Code.

(c) Based on these needs and the legal review, the California Transit Finance Authority and the WasteReuse Association of California were established, in good faith, as joint powers agencies by several transit agencies and several water agencies, respectively, and each joint powers agency issued revenue bonds.

(d) Subsequently, the California Attorney General, in Attorney General Opinion No. 98-807, without specific reference to the transit authority and water use authority bonds, concluded that certain procedures followed in connection with the authorization to issue the revenue bonds do not comply with the provisions of Article 2 (commencing with Section 6540) of Chapter 5 of Division 7 of Title 1 of the Government Code.

(e) In enacting this act, the Legislature intends to confirm the validation of the issuance of those bonds and thereby remove any cloud upon their validity or the use of proceeds of the bonds to finance members' projects.

SEC. 2. The issuance of joint powers authority revenue bonds by the California Transit Finance Authority and the WaterReuse Finance Authority of California each in the amount of two hundred million dollars (\$200,000,000) and dated December 15, 1997, and June 27, 1998, respectively, to finance transportation facilities for members of the California Transit Association and to finance water, wastewater, and water recycling, storage, and distribution facilities for members of the WaterReuse Association of California and the use of the proceeds of those revenue bonds to finance those projects through lease or installment sale of the projects or the purchase of bonds or loans of those members, all acts and proceedings taken by or on behalf of those joint powers authorities in connection with the authorization, issuance, sale, execution, delivery, or exchange of those bonds, are hereby authorized, confirmed, validated, and declared legally effective under the laws of the State of California without limitation. All persons or governmental entities are barred from challenging the issuance of those bonds or the use of bond proceeds based on the manner in which the pools were formed.

It is the intent of the Legislature not to validate any other bonds of this type and that this act shall not be construed as having any effect on Attorney General Opinion No. 98-807.

