

## **Article 7: City of San Diego Health Facility Revenue Bond Law**

### **Division 3: Bonds**

*("Bonds" added 11-13-1979 by O-15074 N.S.)*

#### **§47.0301 Issue Limited Obligation Bonds**

- (a) The City may, from time to time, issue bonds for any of the purposes specified in Sections 47.0201, 47.0202 and 47.0203. Bonds shall be negotiable instruments for all purposes, subject only to the provisions of such bonds for registration.
- (b) Every issue of bonds shall be a limited obligation of the City payable from all or any specified part of the revenues and the moneys and assets authorized in this article to be pledged or assigned to secure payment of bonds. Such revenues, moneys or assets shall be the sole source of repayment of such issue of bonds. Bonds issued under the provisions of this article shall not be deemed to constitute a debt or liability of the City or a pledge of the faith and credit of the City but shall be payable solely from specified revenues, moneys and assets. The issuance of bonds shall not directly, indirectly, or contingently obligate the City to levy or pledge any form of taxation or to make any appropriation for their payment.

All bonds shall contain on the face thereof a statement to the following effect:

Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of or premium or interest on this bond.

*("Issue Limited Obligation Bonds" added 11-13-1979 by O-15074 N.S.)*

#### **§47.0302 Amount of Bonds**

In determining the amount of bonds to be issued, the City may include all costs of the issuance of such bonds, reserves for debt service and for repairs, replacements, additions and improvements, and capitalized bond interest for such period as the City may determine.

*("Amount of Bonds" added 11-13-1979 by O-15074 N.S.)*

#### **§47.0303 Type, Form and Sale of Bonds**

Bonds may be issued as serial bonds, term bonds, installment bonds or pass-through certificates or any combination thereof. Bonds shall be authorized by resolution of the

Council and shall bear such date or dates, mature at such time or times, bear interest at such fixed or variable rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, be subject to such terms of redemption and have such other terms and conditions as such resolution or any indenture authorized by such resolution to be entered into by the City may provide. Bonds may be sold at either a public or private sale and for such prices as the City shall determine. Pending preparation of definitive bonds, the City may issue temporary bonds, which shall be exchanged for such definitive bonds when prepared.

*(“Type, Form and Sale of Bonds” added 11-13-1979 by O-15074 N.S.)*

**§47.0304 Terms and Conditions of Bonds**

Any resolution authorizing any bonds or any issue of bonds, or any indenture authorized by such resolution to be entered into by the City, may contain provisions respecting any of the following terms and conditions, which shall be a part of the contract with the holders of such bonds:

- (a) the terms, conditions and form of such bonds and the interest and principal to be paid thereon,
- (b) limitations on the uses and purposes to which the proceeds of sale of such bonds may be applied, and the pledge or assignment of such proceeds to secure the payment of such bonds,
- (c) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds,
- (d) the setting aside of reserves and sinking funds and the regulation and disposition thereof,
- (e) the pledge or assignment of all or any part of the revenues and the use and disposition thereof, subject to such agreements with the holders of bonds as may then be outstanding,
- (f) limitation on the use of revenues for expenditures for operating, administration or other expenses of the City,
- (g) specification of the acts or omissions to act which shall constitute a default in the duties of the City to holders of such bonds, and providing the rights and

remedies of such holders in the event of default, including any limitations on the right of action by individual bondholders,

- (h) the appointment of a corporate trustee to act on behalf of the City and the holders of its bonds, the pledge or assignment of loans, deeds of trust, mortgages and any other contracts or agreements to such trustee, and the rights of such trustee,
- (i) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of such bonds the holders of which must consent thereto, and the manner in which such consent may be given, and
- (j) any other provisions which the Council may deem reasonable and proper for the purposes of this article and the security of the bondholders.

(*“Terms and Conditions of Bonds” added 11-13-1979 by O-15074 N.S.*)

#### **§47.0305 Pledge of Revenues, Etc.**

Any pledge of revenues or other moneys or assets pursuant to the provisions of this article shall be valid and binding from the time such pledge is made. Revenues, moneys and assets so pledged and thereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the City, irrespective of whether such parties have notice thereof. Neither the resolution nor any indenture by which a pledge is created need be filed or recorded except in the records of the City.

(*“Pledge of Revenues, Etc.” added 11-13-1979 by O-15074 N.S.*)

#### **§47.0306 Liability of Council, Etc.**

Neither the members of the Council, the officers or employees of the City, nor any person executing any bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(*“Liability of Council, Etc.” added 11-13-1979 by O-15074 N.S.*)

#### **§47.0307 Purchase of Bonds by City**

The City shall have the power out of any funds available therefor to purchase its bonds. The City may hold, pledge, cancel, or resell such bonds, subject to and in accordance with agreements with the bondholders.

(*“Purchase of Bonds by City” added 11-13-1979 by O-15074 N.S.*)

**§47.0308 Compelling Performance, Etc.**

Any holder of bonds issued under the provisions of this article or any of the coupons appertaining thereto, and any trustee appointed pursuant to any resolution authorizing the issuance of bonds, except to the extent the rights thereof may be restricted by such resolution or any indenture authorized thereby to be entered into by the City, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect or enforce any and all rights specified in law or in such resolution or indenture, and may enforce and compel the performance of all duties required by this article or by such resolution or indenture to be performed by the City or by any officer, employee, or agent thereof, including the fixing, charging, and collecting of rates, fees, interest, and charges authorized and required by the provisions of such resolution or indenture to be fixed, charged, and collected.

(“*Compelling Performance, Etc.*” added 11-13-1979 by O-15074 N.S.)

**§47.0309 Refunding Bonds — Use of Proceeds**

- (a) The City may issue bonds for the purpose of refunding any bonds then outstanding including the payment of any redemption premiums thereof and any interest accrued or to accrue to the earliest or any subsequent date or dates of redemption, purchase, or maturity of such bonds.
- (b) The proceeds of bonds issued for the purpose of refunding any outstanding bonds may, in the discretion of the City, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds, either at their earliest or any subsequent redemption date or dates or upon the purchase or retirement at the maturity thereof and may, pending such application, be placed in escrow, to be applied to such purchase or retirement at maturity or redemption on such date or dates as may be determined by the City.
- (c) Pending use for purchase, retirement at maturity or redemption of outstanding bonds, any proceeds held in escrow pursuant to subdivision (b) may be invested and reinvested as provided in the resolution or indenture. Any interest or other increment earned or realized on any such investment may be applied to the payment of the outstanding bonds to be refunded or to the payment of interest on the refunding bonds.
- (d) All bonds issued pursuant to this section shall be subject to the provisions of this article in the same manner and to the same extent as other bonds issued pursuant to this article.

(“*Refunding Bonds — Use of Proceeds*” added 11-13-1979 by O-15074 N.S.)

**§47.0310      Independent Validity of Bonds**

The validity of the authorization and issuance of any bonds is not dependent on and shall not be affected in any way by any proceedings taken by the City for the making of any loan or the entering into of any agreement, or by the failure to make any loan or enter into any agreement, for which bonds are authorized to be issued under this article.

*(“Independent Validity of Bonds” added 11-13-1979 by O-15074 N.S.)*

**§47.0311      Pooled Equipment Financings**

Notwithstanding any provision in this article to the contrary, the City may, from time to time, issue bonds to finance the equipping of health facilities pursuant to this article. Such bonds may be secured from revenues received from one or more participating health institution and shall contain such provisions and be issued on such terms as are otherwise contained in this article.

*(“Pooled Equipment Financings” added 5-9-1983 by O-15970 N.S.)*