

CHAPTER 74

MUNICIPAL PUBLIC UTILITIES. ISSUANCE AND PAYMENT OF BONDS

S. F. 103

AN ACT amending section sixty-one hundred thirty-four-d one (6134-d1), Code, 1931, and providing for the issuance by municipalities of negotiable revenue bonds payable only out of the net earnings of municipally owned public utilities, providing the security for the payment of such bonds and the rate of interest and form of such bonds; providing for the delivery or sale of such bonds and that the same may be used as security for money borrowed to pay the cost of such improvement.

Be it enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section sixty-one hundred thirty-four-d one
 2 (6134-d1), Code, 1931, is amended by adding thereto the following:
 3 "For the purpose of defraying the cost of any such plant, improve-
 4 ment or extension thereof, any such city or town is hereby author-
 5 ized to issue negotiable, interest bearing revenue bonds payable
 6 from and secured by the net earnings of the plant, and may also
 7 be secured by the pledge of the property purchased, which bonds
 8 shall not constitute a general obligation of such city or town or be
 9 enforceable in any manner by taxation. Such revenue bonds may
 10 be delivered to the contractor or contractors in payment for such
 11 improvement or they may be sold by the municipality and the pro-
 12 ceeds used to pay for such improvement; and/or such bonds may
 13 be used as collateral security for money borrowed to pay the cost
 14 of such improvement, such loan to be repaid only out of the net
 15 earnings of the plant."

1 SEC. 2. Such revenue bonds shall be substantially in the follow-
 2 ing form, to wit:

3 "The city (or town) of..... in the
 4 state of Iowa, for value received promises to pay to bearer, in the
 5 manner hereinafter specified, the sum of.....
 6 dollars, lawful money of the United States of America, on the.....
 7 day of....., with interest on said sum from
 8until paid at the rate of.....
 9 per cent per annum, payable.....annually on the.....day
 10 of.....and..... in each year, on
 11 presentation and surrender of the interest coupons hereto attached;
 12 both principal and interest payable at.....

13 "This bond is issued by the city (or town) of.....,
 14 pursuant to the provisions of.....of the
 15 Code of Iowa and in conformity to a resolution of the (council or
 16 board of trustees of.....) of said city (or
 17 town), duly passed on the.....day of.....

18 "This bond is one of a series of bonds of like tenor and date,
 19 numbered from.....to....., is issued
 20 for the purpose of defraying the cost of.....;
 21 and is not a general obligation, but is payable solely and only out
 22 of the future earnings of said.....; said
 23 property purchased and the net earnings of.....
 24 are pledged to the payment hereof. This bond is not payable in
 25 any manner by taxation, and under no circumstances shall the city

26 (or town) be in any manner liable by reason of the failure of the
27 said net earnings to be sufficient for the payment hereof.

28 "In testimony whereof said city (or town) by its council (or
29 board of.....trustees) has caused this bond to be
30 signed by its mayor and attested by its clerk (or by the chairman
31 of said board of.....trustees and attested by the
32 clerk of said board), with the seal of said city (or town or board
33 of.....trustees) attached, this.....day of
34

35 Attest:.....

36 (Form of Coupon.)

37 "The treasurer of the city (or town) of....., Iowa,
38 will pay to bearer out of the future earnings of.....
39 Dollars on.....
40 at..... for.....annual
41 interest on its.....revenue bond, number.....
42 dated.....

43 Attest:

44 (Facsimile signature.)

45

46 Clerk of the city (or town, or of the board of trustees)."

47 "(When such revenue bonds are offered for sale to the public, there
48 shall be printed in bold face type across the face of the bond the
49 following provision:

50 "This bond is not a general obligation bond nor payable in any
51 manner by taxation, but is payable only from the net earnings of
52 the.....plant of....., Iowa.')

1 SEC. 3. Such revenue bonds shall not be sold for less than par,
2 plus accrued interest, and shall not be negotiated on a basis to yield
3 more than six (6) per cent per annum, computed to maturity accord-
4 ing to the standard tables of bond values.

1 SEC. 4. This act, being deemed of immediate importance, shall
2 take effect and be in force from and after its publication in the Sioux
3 City Journal, a newspaper published at Sioux City, Iowa, and in the
4 Menville Mail, a newspaper published at Menville, Iowa.

Senate File No. 103. Approved March 3, 1934.

I hereby certify that the foregoing act was published in the Sioux City Journal
and Menville Mail, March 7, 1934.

MRS. ALEX MILLER, Secretary of State.