

## CHAPTER 236

## JOINT EXERCISE OF GOVERNMENTAL POWERS

S. F. 482

AN ACT relating to joint exercise of governmental powers.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Code 1966 is hereby amended by adding the following  
2 new chapter:

3 "Section 1. **Scope of chapter.** This chapter is intended to provide a  
4 means for the joint financing by public agencies of works or facilities enu-  
5 merated in section three hundred ninety-four point one (394.1) of the Code.  
6 The provisions of this chapter shall be deemed to apply to the acquisition,  
7 construction, reconstruction, operation, repair, extension or improvement of  
8 such works or facilities, by a separate administrative or legal entity created  
9 pursuant to chapter twenty-eight E (28E) of the Code.

10 Sec. 2. **Definitions.** The terms 'public agency', 'state', and 'private agen-  
11 cy' shall have the meanings prescribed by section twenty-eight E point two  
12 (28E.2) of the Code. The term 'project' or 'projects' shall mean any works  
13 or facilities referred to in section three hundred ninety-four point one (394.1)  
14 of the Code and shall include all property real and personal, pertinent there-  
15 to or connected with such project or projects, and the existing works or fa-  
16 cilities, if any, to which such project or projects are an extension, addition,  
17 betterment or improvement.

18 Sec. 3. **Revenue bonds.** An entity created to carry out an agreement  
19 authorizing the joint exercise of those governmental powers enumerated in  
20 section three hundred ninety-four point one (394.1) of the Code shall have  
21 power to construct, acquire, repair, improve, expand, operate and maintain  
22 a project or projects necessary to carry out the purposes of such agreement,  
23 and to issue from time to time revenue bonds payable from the revenues der-  
24 ived from such project or projects, or any combination of such projects, to  
25 finance the cost or part of the cost of the acquisition, construction, recon-  
26 struction, repair, extension or improvement of such project or projects,  
27 including the acquisition for the purposes of such agreement, of any prop-  
28 erty, real or personal or mixed therefor. The power of the entity to issue  
29 revenue bonds shall not be exercised until authorized by resolution or or-  
30 dinance duly adopted by each of the public agencies participating in such  
31 agreement. Public agencies participating in such an agreement may not  
32 withdraw or in any way terminate, amend, or modify in any manner to the  
33 detriment of the bondholders said agreement if revenue bonds or obliga-  
34 tions issued in anticipation of the issuance of said revenue bonds have been  
35 issued and are then outstanding and unpaid as provided for herein. Any  
36 revenue bonds for the payment and discharge of which, upon maturity or  
37 upon redemption prior to maturity, provision has been made through the  
38 setting apart in a reserve fund or special trust account created pursuant  
39 to this chapter to insure the payment thereof, of moneys sufficient for that  
40 purpose or through the irrevocable segregation for that purpose in a sinking  
41 fund or other fund or trust account of moneys sufficient therefor, shall be  
42 deemed to be no longer outstanding and unpaid within the meaning of any  
43 provision of this chapter.

44     **Sec. 4. Use of proceeds: negotiability.** Revenue bonds may be is-  
45 sued, as provided in section three (3) of this Act, to provide all or any part  
46 of the funds required to finance the cost of the acquisition, construction,  
47 reconstruction, repair, extension or improvement of any project or projects  
48 or other purposes authorized under this chapter and such cost shall in-  
49 clude, but shall not be limited to, administrative expenses, acquisition and  
50 construction costs, engineering, fiscal or financial and legal expenses, surveys,  
51 plans and specifications, interest during such construction, reconstruction,  
52 repair, extension or improvement or acquisition and for one year after com-  
53 pletion of such construction, reconstruction, repair, extension or improvement  
54 or after acquisition of the project or projects, initial reserve funds, acquisi-  
55 tion of real or personal property, including franchises, and such other  
56 costs as are necessary and incidental to the construction, reconstruction,  
57 repair, extension or improvement, or acquisition of such project or projects  
58 and the financing thereof. Such an entity shall have the power to retain  
59 and enter into agreements with engineers, fiscal agents, financial advisers,  
60 attorneys, architects or other consultants or advisers for planning, super-  
61 vision and financing of such project or projects upon such terms and con-  
62 ditions as shall be deemed advisable and in the best interest of the entity.  
63 Bonds issued under the provisions of this chapter are declared to be invest-  
64 ment securities under the laws of the state of Iowa.

65     **Sec. 5. Source of payment: rates and charges, pledge of revenues.**  
66 Such an entity shall have the power to pledge all or part of the net reve-  
67 nues of a project or projects to the payment of the principal of and interest  
68 on the bonds issued pursuant to this chapter and shall provide by resolu-  
69 tion authorizing the issuance of said bonds that such net revenues of the  
70 project or projects shall be set apart in a sinking fund for that purpose and  
71 kept separate and distinct from all other revenues of the entity. The prin-  
72 cipal of and interest on the bonds so issued shall be secured by a pledge of  
73 such net revenues of the project or projects in the manner and to the ex-  
74 tent provided in the resolution authorizing the issuance of said bonds.

75     Such an entity shall have the power to fix, establish and maintain such  
76 rates, tolls, fees, rentals or other charges and collect the same from the  
77 public agencies participating in the agreement or from private agencies or  
78 persons for the payment of the services and facilities provided by said proj-  
79 ect or projects. Such rates, tolls, fees, rentals or other charges shall be so  
80 fixed, established and maintained and revised from time to time whenever  
81 necessary as will always provide revenues sufficient to pay the cost of main-  
82 taining, repairing and operating the project or projects, to pay the princi-  
83 pal of and interest of the bonds then outstanding which are payable there-  
84 from as the same become due and payable, to provide adequate and sufficient  
85 reserves therefor, to provide for replacements, depreciations and necessary  
86 extensions and enlargements and to provide a margin of safety for the mak-  
87 ing of such payments and providing such reserves. Notwithstanding the  
88 foregoing such an entity shall have the further right to pledge to the pay-  
89 ment of the bonds issued pursuant to this chapter, in addition to the net  
90 revenues of the project or projects pledged therefor, such other moneys  
91 that it may have and which are lawfully available therefor.

92     In order to pay the rates, tolls, fees, rentals or other charges levied  
93 against a public agency by an entity for the payment of the services and  
94 facilities provided by a project or projects authorized by this chapter, pub-  
95 lic agencies participating in such an agreement shall have the power by  
96 ordinance to fix, establish and maintain, rates or other charges for the use

97 of and the services and facilities rendered by said project or projects.  
98 Such rates or charges may be so fixed, established and maintained and re-  
99 vised from time to time whenever necessary as will always provide such  
100 public agencies with sufficient revenue to pay the rates, tolls, fees, rentals  
101 or other charges levied against it by the entity for the payments of the  
102 services and facilities provided by said project or projects. All such rates  
103 or charges to be paid by the owners of real property, if not paid as by the  
104 ordinance provided, when due, shall constitute a lien upon such real prop-  
105 erty served by such project or projects, and shall be collected in the same  
106 manner as general taxes.

107 **Sec. 6. Bonds not debts of the public agencies.** The principal of and  
108 interest on the bonds issued by an entity under the provisions of this chap-  
109 ter shall be payable solely from and secured by the net revenues of the  
110 project or projects and from other funds of the entity lawfully available  
111 therefor as provided in section five (5) of this Act and said bonds shall  
112 not in any respect be a general obligation of any public agency participat-  
113 ing in said entity nor shall the entity or any public agency participating  
114 in said entity be in any manner liable by reason of such net revenues or  
115 other funds being insufficient to pay said bonds. All bonds issued by the  
116 entity shall contain a recital on their face that neither the payment of  
117 the principal nor any part thereof nor any interest thereon constitutes a  
118 debt, liability or obligation of any of the public agencies participating in  
119 the agreement creating such entity or of the entity itself, except that the  
120 entity shall be liable for the payment of such bonds from the net revenues  
121 derived from the project or projects and from the other moneys lawfully  
122 available therefor and pledged thereto pursuant to the provisions of the  
123 resolution which authorized their issuance. Said bonds issued by the entity  
124 shall be authorized by resolution which may be adopted at the same meet-  
125 ing at which it was introduced by a majority of the members of the govern-  
126 ing body of the entity. The terms, conditions and provisions for the author-  
127 ization, issuance, sale, and security of said bonds and of the holders thereof  
128 shall be set forth in said resolution.

129 **Sec. 7. Operation of project.** Such an entity shall operate, maintain  
130 and preserve the project or projects in good repair and working order, and  
131 shall operate the project or projects in an efficient and economical man-  
132 ner, provided, however, that the entity may lease or rent the project or  
133 projects or any part thereof, or otherwise provide for the operation of the  
134 project or projects or any part thereof in such manner and upon such  
135 terms as the governing body of the entity shall direct.

136 **Sec. 8. Details of revenue bonds.** Revenue bonds issued pursuant to  
137 the provisions of this chapter shall bear interest at a rate or rates not ex-  
138 ceeding six percentum per annum, may be in one or more series, may bear  
139 such date or dates, may mature at such time or times not exceeding forty  
140 years from their respective dates, may be payable in such medium of pay-  
141 ment, at such place or places within the state, may carry such registration  
142 privileges, may be subject to such terms of prior redemption, with or without  
143 premium, may be executed in such manner, may contain such terms,  
144 covenants and conditions, and may be in such form otherwise, as such  
145 resolution or subsequent resolutions shall provide.

146 **Sec. 9. Issuance of bond anticipation notes.** Such an entity shall  
147 have the power, at any time and from time to time after the issuance of  
148 bonds thereof shall have been authorized, to borrow money for the pur-  
149 poses for which such bonds are to be issued in anticipation of the receipt

150 of the proceeds of the sale of such bonds and within the authorized maxi-  
151 mum amount of such bond issue. Any such loan shall be paid within three  
152 years after the date of the initial loan. Bond anticipation notes shall be  
153 issued for all moneys so borrowed under the provisions of this section, and  
154 such notes may be renewed from time to time, but all such renewal notes  
155 shall mature within the time above limited for the payment of the initial  
156 loan. Such notes shall be authorized by resolution of the governing body  
157 of the entity and shall be in such denomination or denominations, shall  
158 bear interest at such rate or rates not exceeding the maximum rate per-  
159 mitted by the resolution authorizing the issuance of the bonds, shall be in  
160 such form and shall be executed in such manner, all as such entity shall  
161 prescribe. If such notes shall be renewal notes, they may be exchanged  
162 for notes then outstanding on such terms as the governing body of the  
163 entity shall determine. The governing body of the entity may, in its dis-  
164 cretion, retire any such notes from the revenues derived from the project  
165 or projects or from such other moneys of the entity which are lawfully  
166 available therefor or from a combination of each, in lieu of retiring them  
167 by means of bond proceeds, provided, however, that before the retirement  
168 of such notes by any means other than the issuance of bonds it shall amend  
169 or repeal the resolution authorizing the issuance of the bonds in antic-  
170 ipation of the proceeds of the sale of which such notes shall have been  
171 issued so as to reduce the authorized amount of the bond issue by the  
172 amount of the notes so retired. Such amendatory or repealing resolution  
173 shall take effect upon its passage.

174 **Sec. 10. Refunding bonds.** Refunding bonds may be issued by an entity  
175 in a principal amount sufficient to provide funds for the payment (including  
176 premium, if any) of bonds issued by said entity pursuant to the provisions  
177 of this chapter to be refunded thereby and the interest thereon and in addi-  
178 tion for the payment of all expenses incident to the calling, retiring, or  
179 paying of such outstanding bonds to be refunded, such refunding bonds  
180 may also finance the construction of a project or projects authorized by  
181 this Act or the improvement, addition, betterment or extension of an exist-  
182 ing project or projects so authorized. Said refunding bonds shall not be  
183 issued to refund the principal of and interest on any bonds to be refunded  
184 unless such bonds mature or are redeemable under their terms within ten  
185 years from the date of delivery of the refunding bonds. The proceeds of  
186 said refunding bonds to be used for the payment of the principal of, interest  
187 on and redemption premiums, if any, on said bonds to be refunded which  
188 will not be due and payable immediately shall be deposited in trust for the  
189 sole purpose of making such payments in a bank or trust company within  
190 the state. Any moneys in such trust fund, prior to the date such funds will  
191 be needed for the payment of such principal of, interest on and redemption  
192 premiums, if any, of such outstanding bonds to be refunded, may be invest-  
193 ed or reinvested as provided in the resolution authorizing said refunding  
194 bonds. Refunding bonds shall be issued in the same manner and detail as  
195 revenue bonds herein authorized.

196 **Sec. 11. Eminent domain.** Any public agency participating in an agree-  
197 ment authorizing the joint exercise of governmental powers pursuant to  
198 this Act may exercise its power of eminent domain to acquire interests in  
199 property, under provisions of law then in effect and applicable to such pub-  
200 lic agency, for the use of the entity created to carry out such agreement.  
201 Any interests in property so acquired shall be deemed acquired for a public  
202 purpose of the condemning public agency, and the payment of the costs

203 of such acquisition may be made pursuant to such agreement or to any  
 204 separate agreement between or among said public agency and such entity  
 205 or the other public agencies participating in such entity or any of them.  
 206 Upon payment of such costs, any property so acquired shall be and become  
 207 the property of the entity.”

Approved May 19, 1969.

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## CHAPTER 237

### URBAN RENEWAL FUND AND BONDS

H. F. 562

AN ACT authorizing cities and towns to create an urban renewal fund from additional taxes produced by an urban renewal area, and to issue revenue bonds secured by and payable from such fund.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. Section four hundred three point nine (403.9), Code 1966,  
 2 is hereby amended as follows:

3 1. By striking subsection one (1) and inserting in lieu thereof the fol-  
 4 lowing:

5 “1. A municipality shall have power to periodically issue bonds in its  
 6 discretion to pay the cost of carrying out the purposes and provisions of  
 7 this chapter, including, but not limited to, the payment of principal and  
 8 interest upon any advances for surveys and planning, and the payment  
 9 of interest on bonds, herein authorized, not to exceed three years from the  
 10 date the bonds are issued. The municipality shall have power to issue re-  
 11 funding bonds for the payment or retirement of such bonds previously  
 12 issued by it. Said bonds shall be payable solely from the income and pro-  
 13 ceeds of the fund and portion of taxes referred to in subsection two (2) of  
 14 section two (2) of this Act, and revenues and other funds of the municipal-  
 15 ity derived from or held in connection with the undertaking and carrying  
 16 out of urban renewal projects under this chapter. The municipality may  
 17 pledge to the payment of the bonds the fund and portion of taxes referred  
 18 to in subsection two (2) of section two (2) of this Act, and may further se-  
 19 cure the bonds by a pledge of any loan, grant or contribution from the  
 20 federal government or other source in aid of any urban renewal projects  
 21 of the municipality under this chapter, or by a mortgage of any such urban  
 22 renewal projects, or any part thereof, title which is vested in the munic-  
 23 ipality.”

24 2. By striking from line seven (7) of subsection three (3) the word “six”  
 25 and inserting in lieu thereof the word “seven”.

26 3. By striking subsection four (4) and inserting in lieu thereof the follow-  
 27 ing:

28 “4. Such bonds may be sold at not less than par at public or private  
 29 sale, or may be exchanged for other bonds on the basis of par.”

1 SEC. 2. Chapter four hundred three (403), Code 1966, is hereby amend-  
 2 ed by adding thereto the following new section:

3 “A municipality may provide by ordinance that taxes levied on taxable  
 4 property in an urban renewal project each year by or for the benefit of the