

~~at least six months immediately before entering into active military service, the department shall provide state educational assistance in the an amount of five thousand five hundred dollars per year no more than the highest resident undergraduate tuition rate established per year for an institution of higher learning under the control of the state board of regents less the amount of any state and federal education benefits, grants, or scholarships received by the child, or the amount of the child's established financial need, whichever is less, to defray the expenses of tuition, matriculation, laboratory and similar fees, books and supplies, board, lodging, and any other reasonably necessary expense for the child or children incident to attendance in this state at a community college established under chapter 260C or at an institution of higher education governed by the state board of regents any postsecondary educational institution in this state.~~

~~b. A child eligible to receive state educational assistance under this subsection shall begin postsecondary education prior to reaching age twenty-six, shall not receive more than twenty-seven thousand five hundred dollars under this subsection an amount equal to five times the highest resident undergraduate tuition rate established per year for an institution of higher learning under the control of the state board of regents during the child's lifetime, and shall, to remain eligible for assistance, meet the academic progress standards of the postsecondary educational institution. Payments for state educational assistance for a child under this subsection shall be made to the applicable postsecondary educational institution. The college student aid commission may, if requested, assist the department in administering this subsection.~~

Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 2007, and is applicable on and after that date.

Approved April 11, 2008

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## CHAPTER 1065

### UNIFORM FINANCE PROCEDURES FOR STATE BOND ISSUANCE

S.F. 2301

**AN ACT** making revisions and modifications to uniform finance procedures for bonds issued by the state.

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

Section 1. Section 12A.1, Code Supplement 2007, is amended to read as follows:  
12A.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Authorizing ~~document~~ documents" means ~~the a~~ resolution of the issuer, an indenture of trust, or any other instrument setting forth the terms and conditions of ~~obligations~~ bonds issued in accordance with the provisions of this chapter.

2. ~~"Bonds"~~ "Bonds" means bonds, including refunding bonds, notes, and other obligations issued by an issuer.

~~3.~~ 3. "Enabling legislation" means legislation enabling the issuance by an issuer of ~~obligations~~ bonds in accordance with the provisions of this chapter.

~~3.~~ 4. "Issuer" means the state, a department or public or quasi-public agency or instrumentality of the state, or an authority of the state, ~~authorized to issue obligations~~ and enabled to issue ~~the obligations~~ bonds in accordance with the provisions of this chapter.

4. "Obligations" means notes, bonds, including refunding bonds, and other evidences of indebtedness of an issuer.

Sec. 2. Section 12A.2, Code Supplement 2007, is amended to read as follows:  
12A.2 PROVISIONS APPLICABLE.

An issuer may issue ~~obligations~~ bonds in accordance with the provisions of this chapter if enabling legislation enacted on or after July 1, 2007, provides that the ~~obligations~~ bonds shall or may be issued in accordance with the provisions of this chapter. This chapter establishes the terms, conditions, and procedures applicable to the issuance of ~~obligations~~ bonds by an issuer enabled to issue ~~obligations~~ bonds under this chapter.

Sec. 3. Section 12A.3, Code Supplement 2007, is amended to read as follows:  
12A.3 LIMITED SPECIAL OBLIGATIONS.

~~Obligations~~ Bonds issued under this chapter are payable solely out of the moneys, assets, or revenues pledged to the payment of the ~~obligations~~ bonds pursuant to the enabling legislation and any bond reserve funds established in accordance with this chapter, ~~all of which may be deposited with trustees or depositories in accordance with the authorizing documents and pledged by the issuer to the payment thereof and are not an obligation, indebtedness, or debt of the state or any political subdivision of the state within the meaning of any constitutional or statutory debt limitations.~~ Obligations Bonds issued under this chapter shall contain a statement that the ~~obligations~~ bonds are issued pursuant to this chapter ~~or the enabling legislation;~~ are payable solely from the moneys, assets, and revenues pledged for their payment and any bond reserve funds established; ~~and that such obligations do not constitute an obligation, indebtedness, or debt of the state or any political subdivision of the state within the meaning of any constitutional or statutory debt limitations; and that the issuer and the state have no obligation to satisfy any deficiency or default of any payment of the bonds using any moneys, assets, or revenues other than those specifically pledged in the enabling legislation for payment of the bonds, and any bond reserve funds established by the issuer.~~ The issuer shall not pledge the credit or taxing power of ~~this the state or any political subdivision of this the state or make obligations issued pursuant to this chapter; create an obligation, indebtedness, or debt of the state or any political subdivision of the state within the meaning of any constitutional or statutory debt limitations; or make its bonds~~ payable out of any moneys except those pledged in the enabling legislation and any bond reserve funds established by the issuer.

Sec. 4. Section 12A.4, Code Supplement 2007, is amended to read as follows:  
12A.4 GENERAL POWERS.

1. An issuer may issue ~~obligations~~ bonds under this chapter and do all things necessary with respect to the issuance of the ~~obligations~~ bonds. An issuer shall have all of the powers necessary to issue and secure ~~obligations~~ bonds and carry out the purposes for which the ~~obligations~~ bonds are to be issued, including the power to secure credit enhancement or support and to enter into agreements providing interest rate protection, as deemed appropriate by the issuer. The issuer may issue ~~obligations~~ bonds in principal amounts consistent with the enabling legislation and which the issuer determines are necessary to provide sufficient funds for the purposes for which the ~~obligations~~ bonds are issued, and to provide for the payment of capitalized interest on the ~~obligations~~ bonds, the establishment of reserves to secure the ~~obligations~~ bonds, the payment of the costs of issuance of the ~~obligations~~ bonds, the payment of other expenditures of the issuer incident to and necessary or convenient to carry out the issue, and the payment of all other expenditures necessary or convenient to carry out the purposes for which the ~~obligations~~ bonds are issued.

2. The proceeds of ~~obligations~~ bonds issued by the issuer and not required for immediate disbursement may be deposited with a trustee or depository or the treasurer of state as provided in the authorizing documents. Proceeds shall be invested or reinvested as directed by the treasurer of state and specified in the authorizing documents without regard to any limitation otherwise provided by law.

3. ~~Obligations Bonds~~ shall be issued as follows:
  - a. In a form, issued in denominations, executed in a manner, and payable over terms and with rights of redemption, and subject to such other terms and conditions as prescribed in the authorizing documents.
  - b. Sold at prices, at public or private sale, and in a manner, as prescribed by the issuer. Chapters 73A, 74, 74A, 75, and 76 do not apply to the sale, issuance, or retirement of the ~~obligations bonds~~ if this chapter is utilized.
  - c. Subject to the terms, conditions, and covenants providing for the payment of the principal, redemption premiums, if any, interest, and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with this chapter and as determined by the authorizing documents.
4. ~~Obligations Bonds~~ issued under this chapter are investment securities and negotiable instruments within the meaning of and for purposes of the uniform commercial code, chapter 554. ~~Obligations Bonds~~ are securities in which public officers and bodies of this state; political subdivisions of this state; insurance companies and associations and other persons carrying on an insurance business; banks, trust companies, savings associations, savings and loan associations, and investment companies; administrators, guardians, executors, trustees, and other fiduciaries; and other persons authorized to invest in ~~obligations bonds~~ of the state, may properly and legally invest funds, including capital, in their control or belonging to them.
5. ~~Obligations Bonds~~ must be authorized by ~~a trust indenture, resolution, or other instrument of the issuer~~ the authorizing documents. ~~A trust indenture, resolution, or other instrument authorizing the issuance of obligations~~ The authorizing documents may, however, delegate to an officer of a board or of a governing body of an issuer the power to negotiate and fix the details of an issue of ~~obligations bonds~~.
6. A resolution, trust agreement, or any other instrument by which a pledge is created shall not be required to be recorded or filed under the uniform commercial code, chapter 554, to be valid, binding, or effective.
7. Subject to the terms of the authorizing documents, the proceeds of ~~obligations bonds~~ may be expended for administrative expenses.
8. An issuer may issue ~~obligations bonds~~ for the purpose of refunding any ~~obligations bonds~~ then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the date of redemption of the outstanding ~~obligations bonds~~. Until the proceeds of ~~obligations bonds~~ issued for the purpose of refunding outstanding ~~obligations bonds~~ are applied to the purchase or retirement of outstanding ~~obligations bonds~~ or the redemption of outstanding ~~obligations bonds~~, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of this chapter, the authorizing documents, and any applicable escrow agreement. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding ~~obligations bonds~~ to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments ~~may~~ shall be returned to the issuer. All refunding ~~obligations bonds~~ shall be issued and secured and subject to the provisions of this chapter in the same manner and to the same extent as other ~~obligations bonds~~ issued pursuant to this chapter.

Sec. 5. Section 12A.5, Code Supplement 2007, is amended to read as follows:

12A.5 RESERVE FUNDS.

1. An issuer may create and establish one or more special funds, to be known as bond reserve funds, to secure one or more issues of ~~obligations bonds~~. The issuer shall pay into each bond reserve fund any moneys appropriated and made available by the state for the purpose of that reserve fund, any proceeds of the sale of ~~obligations bonds~~ to the extent provided in the authorizing documents, and any other moneys which may be legally available from any other sources and which the issuer determines to deposit in the reserve fund. All moneys held in a bond reserve fund, except as otherwise provided in this chapter, shall be used ~~as required~~ solely for the payment of the principal of ~~obligations bonds~~ secured in whole or in part by the fund

or of the sinking fund or other payments with respect to the obligations bonds, the purchase or redemption of the obligations bonds, the payment of interest on the obligations bonds, or the payments of any redemption premium required to be paid when the obligations bonds are redeemed prior to maturity, all in accordance with the authorizing documents.

2. Moneys ~~Except as otherwise specified in the authorizing documents, moneys~~ in a bond reserve fund shall not be withdrawn at any time in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, except for the purpose of making, with respect to obligations secured in whole or in part by the fund, payment when due of principal, interest, redemption premiums, and the sinking fund and other payments with respect to the obligations for which other moneys are not available, all in accordance with the authorizing documents making payment as described in subsection 1. For the purposes of this chapter, "bond reserve fund requirement" means, as of any particular date of computation, the amount of moneys, provided in the authorizing documents with respect to which the fund is established. Any income or interest earned by, or incremental to, a bond reserve fund due to its investment may be transferred to other funds or accounts as provided in the authorizing documents to the extent the transfer does not reduce the amount of that bond reserve fund below its bond reserve fund requirement.

3. The issuer shall not at any time issue obligations bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the obligations bonds, the amount in the bond reserve fund for the obligations bonds will be less than the bond reserve fund requirement for the fund, unless the issuer at the time of issuance of the obligations bonds deposits in the fund from the proceeds of the obligations bonds issued or from other legally available sources an amount which, together with the amount then in the fund, will not be less than the bond reserve fund requirement for the fund.

4. ~~In order to assure maintenance of bond reserve funds, an issuer shall, on or before January 1 of each calendar year, make and deliver to the governor the issuer's certificate stating the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Within thirty days after the beginning of the session of the general assembly next following the delivery of the certificate, the governor shall submit to both houses printed copies of a budget including the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Any sums appropriated by the general assembly and paid to the issuer pursuant to this subsection shall be deposited by the issuer in the applicable bond reserve fund.~~

Sec. 6. Section 12A.6, Code Supplement 2007, is amended to read as follows:

12A.6 PLEDGE OF FUNDS.

1. ~~Amounts~~ Any amounts authorized to be pledged as security for obligations ~~shall bonds~~ may be held in separate and distinct funds in the state treasury, unless otherwise specified in the authorizing documents. Moneys ~~in a fund so held~~ shall not be subject to appropriation for any other purpose by the general assembly, but shall be used only for debt service on the obligations bonds and other amounts as set forth in the authorizing documents. The treasurer of state shall may act as custodian of the funds and disburse moneys contained in the funds as directed by the authorizing documents.

2. Moneys in any fund pledged as security for obligations bonds are not subject to section 8.33. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the funds shall be credited to the applicable fund.

Sec. 7. Section 12A.7, Code Supplement 2007, is amended to read as follows:

12A.7 RESOLUTION AUTHORIZING DOCUMENTS PROVISIONS.

~~Authorizing document provisions, which shall be a part of the contract with the holders of the obligations to be issued, The authorizing documents may contain the following provisions:~~

1. Pledging or assigning the revenue of a project with respect to which the obligations bonds are to be issued or the revenue of other property or facilities.
2. Setting aside reserves or sinking funds, and their regulation, investment, and disposition.
3. Limitations on the use of a project, property, or facilities.

4. Limitations on the purpose to which or the investments in which the proceeds of sale of an issue of ~~obligations~~ bonds then or thereafter to be issued may be applied and pledging the proceeds to secure the payment of the ~~obligations or an issue of the obligations~~ bonds.

5. Limitations on the issuance of additional ~~obligations~~ bonds, the terms upon which additional ~~obligations~~ bonds may be issued and secured, and the refunding of outstanding ~~obligations~~ bonds.

6. The procedure, if any, by which the terms of any contract with the holder of an ~~obligation~~ a bond may be amended or abrogated, the amount of ~~obligations~~ bonds may be specified for which the holders must consent to amendment or abrogation, and the manner in which the consent may be given.

7. Defining the acts or omissions to act which constitute a default in the duties of the issuer to holders of ~~obligations and providing the~~ bonds, specifying any rights and remedies of the holders in the event of a default, and restricting the individual right of action by holders.

8. Other matters relating to the ~~obligations~~ bonds as may be provided by the issuer.

Sec. 8. Section 12A.8, Code Supplement 2007, is amended to read as follows:

12A.8 OBLIGATIONS ~~BONDS~~ SECURED BY TRUST AGREEMENT ~~AUTHORIZING DOCUMENTS~~.

~~Obligations issued under this chapter may be secured by a trust agreement by and between the issuer and an incorporated trustee, which may be a trust company or bank having the powers of a trust company in this state or another state. The trust agreement or the resolution providing for the issuance of the obligations The authorizing documents may pledge or assign the revenue to be received for payment of the ~~obligations~~ bonds or the proceeds of any contract pledged. A pledge or assignment made by the issuer pursuant to this chapter is valid and binding from the time that the pledge or assignment is made, and the revenue pledged and thereafter received by the issuer is immediately subject to the lien of the pledge or assignment without physical delivery or any further act. The lien of the pledge or assignment is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the issuer irrespective of whether the parties have notice of the lien. ~~The trust agreement or resolution by which a pledge is created or an assignment made shall be filed in the records of the issuer. The trust agreement or resolution providing for the issuance of the obligations may contain provisions for protecting and enforcing the rights and remedies of the holders of an obligation as are reasonable and proper, not in violation of law, or provided for in this chapter. A bank or trust company incorporated under the laws of this state or another state which acts as depository of proceeds of the obligations, revenue, or other moneys shall furnish the indemnifying obligations or pledge securities as and to the extent required by the issuer. The trust agreement or resolution may set forth the rights and remedies of the holders of an obligation and of the trustee, and may restrict the individual right of action by holders of an obligation. The trust agreement or resolution authorizing documents may contain other provisions the issuer deems reasonable and proper for the security of the ~~obligation~~ bond holders.~~~~

Sec. 9. Section 12A.10, Code Supplement 2007, is amended by striking the section and inserting in lieu thereof the following:

12A.10 STATE LAW.

The state reserves the right at any time to alter, amend, repeal, or otherwise change the structure, organization, programs, or activities of any issuer, including the power to terminate the issuer, except that a law shall not be enacted that impairs any obligation made pursuant to any contract entered into by the issuer with or on behalf of the holders of the bonds to the extent that any such law would contravene Article I, section 21, of the Constitution of the State of Iowa or Article I, section 10, of the Constitution of the United States.

Sec. 10. Section 12A.11, Code Supplement 2007, is amended to read as follows:

12A.11 PROVISIONS CONTROLLING.

The powers granted issuers under this chapter are in addition to the powers of each issuer

contained elsewhere in the Code. Nothing in this chapter limits the powers of an issuer to issue obligations bonds under any other applicable provisions of the Code or to otherwise carry out its responsibilities as otherwise set forth in the Code.

Sec. 11. NEW SECTION. 12A.13 COORDINATION.

Issuers of bonds issued under this chapter shall be subject to the provisions of section 12.30.

Sec. 12. Section 12A.9, Code Supplement 2007, is repealed.

Approved April 11, 2008

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## CHAPTER 1066

### UNIFORM ACT — INSTITUTIONAL FUNDS MANAGEMENT

S.F. 2316

**AN ACT** creating the Iowa uniform prudent management of institutional funds Act and including an applicability provision.

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

Section 1. NEW SECTION. 540A.101 SHORT TITLE.

This chapter may be cited as the “Uniform Prudent Management of Institutional Funds Act”.

Sec. 2. NEW SECTION. 540A.102 DEFINITIONS.

For purposes of this chapter, unless the context otherwise requires:

1. “Charitable purpose” means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose the achievement of which is beneficial to the community.

2. “Endowment fund” means an institutional fund or any part of an institutional fund, not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument. “Endowment fund” does not include assets that an institution designates as an endowment fund for its own use.

3. “Gift instrument” means a record or records, including an institutional solicitation, under which property is granted to, transferred to, or held by an institution as an institutional fund.

4. “Institution” means any of the following:

a. A person, other than an individual, organized and operated exclusively for charitable purposes.

b. A government or governmental subdivision, agency, or instrumentality, to the extent that it holds funds exclusively for a charitable purpose.

c. A trust that had both charitable and noncharitable interests, after all noncharitable interests have terminated.

5. “Institutional fund” means a fund held by an institution exclusively for charitable purposes. “Institutional fund” does not include any of the following:

a. Program-related assets.

b. A fund held for an institution by a trustee that is not an institution.

c. A fund in which a beneficiary that is not an institution has an interest, other than an interest that could arise upon violation or failure of the purposes of the fund.

6. “Person” means an individual, corporation, business trust, estate, trust, partnership, lim-