

March 14, 1969
Passed on File

SENATE FILE 482

By COMMITTEE ON CITIES AND TOWNS
(Committee on Cities and Towns)

Passed Senate, Date 4-25-69 Passed House, Date

Vote: Ayes 54 Nays 0 Vote: Ayes Nays

Approved

A BILL FOR

1 An Act relating to joint exercise of governmental powers.

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

3 Section 1. Section twenty-eight E point two (28E.2), Code
4 1966, is hereby amended by adding in line eleven (11), after
5 the word "state.", the following: "The term 'project' shall
6 mean any facility or site necessary to carry out the purpose
7 or purposes of a joint action agreement entered into pursuant
8 to the provisions of this chapter necessary to effectuate a
9 public purpose and shall include, but not be limited to, any
10 one or any combination of the following: auditoriums, com-
11 munity houses, solid waste collection systems, solid waste
12 disposal systems, riverfront improvements, hospitals, memorials,
13 stadiums, parks, playgrounds, recreation centers and facilities,
14 reservoirs, sewers, sewage and drainage systems, sewage dis-
15 posal and treatment plants, flooding control, streets, roads,
16 avenues, highways, parking facilities, transit facilities,
17 storm water sewers or drains, swimming pools, cemeteries and
18 all property real and personal, pertinent thereto or connected
19 with such work, undertaking or project and the existing work,
20 undertaking or project, if any, to which such work, undertaking
21 or project is an extension, addition, betterment or improvement."

22 Sec. 2. Chapter twenty-eight E (28E), Code 1966, is further
23 amended by adding the following new sections:

24 "28E.15. **Revenue bonds.** An entity created to carry out an
25 agreement authorizing the joint exercise of governmental powers

1 shall have power to construct, acquire, repair, improve, ex-
2 pand, operate and maintain a project or projects necessary to
3 carry out the purposes of such agreement, and to issue from
4 time to time revenue bonds payable from the revenues derived
5 from such projects or projects, or any combination of such
6 projects, to finance the cost or part of the cost of the
7 acquisition, construction, reconstruction, repair, extension
8 or improvement of such project or projects, including the
9 acquisition for the purposes of such agreement, of any property,
10 real or personal or mixed therefor. The power of the entity
11 to issue revenue bonds shall not be exercised until authorized
12 by resolution or ordinance duly adopted by each of the public
13 agencies participating in such agreement. Public agencies
14 participating in an agreement may not withdraw or in any way
15 terminate, amend, or modify in any manner to the detriment of
16 the bondholders said agreement if revenue bonds or obligations
17 issued in anticipation of the issuance of said revenue bonds
18 have been issued and are then outstanding and unpaid as pro-
19 vided for herein. Any revenue bonds for the payment and
20 discharge of which, upon maturity or upon redemption prior to
21 maturity, provision has been made through the setting apart in
22 a reserve fund or special trust account created pursuant to
23 this chapter to insure the payment thereof, of moneys sufficient
24 for that purpose or through the irrevocable segregation for that
25 purpose in a sinking fund or other fund or trust account of
26 moneys sufficient therefor, shall be deemed to be no longer
27 outstanding and unpaid within the meaning of any provision of
28 this chapter.

29 **28E.16. Use of proceeds: negotiability.** Revenue bonds may
30 be issued, as provided in section twenty-eight E point fifteen
31 (28E.15) of this chapter, to provide all or any part of the
32 funds required to finance the cost of the acquisition, con-
33 struction, reconstruction, repair, extension or improvement of
34 any project or projects or other purposes authorized under this
35 chapter and such cost shall include, but not be limited to,

1 administrative expenses, acquisition and construction costs,
2 engineering, fiscal or financial and legal expenses, surveys,
3 plans and specifications, interest during such construction,
4 reconstruction, repair, extension or improvement or acquisition
5 and for one year after completion of such construction, recon-
6 struction, repair, extension or improvement or after acquisition
7 of the project or projects, initial reserve funds, acquisition
8 of real or personal property, including franchises, and such
9 other costs as are necessary and incidental to the construction,
10 reconstruction, repair, extension or improvement, or acquisi-
11 tion of such project or projects and the financing thereof.
12 The entity shall have the power to retain and enter into agree-
13 ments with engineers, fiscal agents, financial advisers,
14 attorneys, architects or other consultants or advisers for
15 planning, supervision and financing of such project or projects
16 upon such terms and conditions as shall be deemed advisable
17 and in the best interest of the entity. Bonds issued under
18 the provisions of this chapter are declared to be investment
19 securities under the laws of the state of Iowa.

20 28E.17. Source of payment: rates and charges, pledge of
21 revenues. An entity shall have the power to pledge all or
22 part of the net revenues of a project or projects to the pay-
23 ment of the principal of and interest on the bonds issued
24 pursuant to this chapter and shall provide by resolution autho-
25 rizing the issuance of said bonds that such net revenues of
26 the project or projects shall be set apart in a sinking fund
27 for that purpose and kept separate and distinct from all other
28 revenues of the entity. The principal of and interest on the
29 bonds so issued shall be secured by a pledge of such net reve-
30 nues of the project or projects in the manner and to the
31 extent provided in the resolution authorizing the issuance of
32 said bonds.

33 An entity shall have the power to fix, establish and main-
34 tain such rates, tolls, fees, rentals or other charges and
35 collect the same from the public agencies participating in the

1 agreement or from private agencies or persons for the payment
2 of the services and facilities provided by said project or
3 projects. Such rates, tolls, fees, rentals or other charges
4 shall be so fixed, established and maintained and revised
5 from time to time whenever necessary as will always provide
6 revenues sufficient to pay the cost of maintaining, repairing
7 and operating the project or projects, to pay the principal
8 of and interest of the bonds then outstanding which are payable
9 therefrom as the same become due and payable, to provide adequate
10 and sufficient reserves therefor, to provide for replacements,
11 depreciations and necessary extensions and enlargements and to
12 provide a margin of safety for the making of such payments and
13 providing such reserves. Notwithstanding the foregoing the
14 entity shall have the further right to pledge to the payment
15 of the bonds issued pursuant to this chapter, in addition to
16 the net revenues of the project or projects pledged therefor,
17 such other moneys that it may have and which are lawfully
18 available therefor.

19 In order to pay the rates, tolls, fees, rentals or other
20 charges levied against a public agency by an entity for the
21 payment of the services and facilities provided by a project
22 or projects, public agencies participating in an agreement
23 shall have the power by ordinance to fix, establish and
24 maintain, rates or other charges for the use of and the services
25 and facilities rendered by said project or projects. Such
26 rates or charges may be so fixed, established and maintained
27 and revised from time to time whenever necessary as will
28 always provide such public agencies with sufficient revenue
29 to pay the rates, tolls, fees, rentals or other charges
30 levied against it by the entity for the payments of the
31 services and facilities provided by said project or projects.
32 All such rates or charges to be paid by the owners of real
33 property, if not paid as by the ordinance provided, when due,
34 shall constitute a lien upon such real property served by such
35 project or projects, and shall be collected in the same manner

1 as general taxes.

2 28E.18. **Bonds not debts of the public agencies.** The prin-
3 cipal of and interest on the bonds issued by an entity under the
4 provisions of this chapter shall be payable solely from and
5 secured by the net revenues of the project or projects and from
6 other funds of the entity lawfully available therefor as provided
7 in section twenty-eight E point seventeen (28E.17) of this
8 chapter and said bonds shall not in any respect be a general
9 obligation of any public agency participating in said entity
10 nor shall the entity or any public agency participating in said
11 entity be in any manner liable by reason of such net revenues
12 or other funds being insufficient to pay said bonds. All bonds
13 issued by the entity shall contain a recital on their face that
14 neither the payment of the principal nor any part thereof nor
15 any interest thereon constitutes a debt, liability or obligation
16 of any of the public agencies participating in the agreement
17 creating such entity or of the entity itself, except that the
18 entity shall be liable for the payment of such bonds from the
19 net revenues derived from the project or projects and from
20 the other moneys lawfully available therefor and pledged
21 thereto pursuant to the provisions of the resolution which
22 authorized their issuance. Said bonds issued by the entity
23 shall be authorized by resolution which may be adopted at the
24 same meeting at which it was introduced by a majority of the
25 members of the governing body of the entity. The terms,
26 conditions and provisions for the authorization, issuance, sale,
27 and security of said bonds and of the holders thereof shall be
28 set forth in said resolution.

29 28E.19. **Operation of project.** The entity shall operate,
30 maintain and preserve the project or projects in good repair
31 and working order, and shall operate the project or projects
32 in an efficient and economical manner, provided, however, that
33 the entity may lease or rent the project or projects or any
34 part thereof, or otherwise provide for the operation of the
35 project or projects or any part thereof in such manner and upon

1 such terms as the governing body of the entity shall direct.

2 **28E.20. Details of revenue bonds.** Revenue bonds issued
3 pursuant to the provisions of this chapter shall bear interest
4 at a rate or rates not exceeding six percentum per annum, may
5 be in one or more series, may bear such date or dates, may
6 mature at such time or times not exceeding forty years from
7 their respective dates, may be payable in such medium of pay-
8 ment, at such place or places within the state, may carry such
9 registration privileges, may be subject to such terms of prior
10 redemption, with or without premium, may be executed in such
11 manner, may contain such terms, covenants and conditions, and
12 may be in such form otherwise, as such resolution or subsequent
13 resolutions shall provide.

14 **28E.21. Issuance of bond anticipation notes.** An entity
15 shall have the power, at any time and from time to time after
16 the issuance of bonds thereof shall have been authorized, to
17 borrow money for the purposes for which such bonds are to be
18 issued in anticipation of the receipt of the proceeds of the
19 sale of such bonds and within the authorized maximum amount
20 of such bond issue. Any such loan shall be paid within three
21 years after the date of the initial loan. Bond anticipation
22 notes shall be issued for all moneys so borrowed under the
23 provisions of this section, and such notes may be renewed
24 from time to time, but all such renewal notes shall mature
25 within the time above limited for the payment of the initial
26 loan. Such notes shall be authorized by resolution of the
27 governing body of the entity and shall be in such denomination
28 or denominations, shall bear interest at such rate or rates
29 not exceeding the maximum rate permitted by the resolution
30 authorizing the issuance of the bonds, shall be in such form
31 and shall be executed in such manner, all as such entity shall
32 prescribe. If such notes shall be renewal notes, they may be
33 exchanged for notes then outstanding on such terms as the
34 governing body of the entity shall determine. The governing
35 body of the entity may, in its discretion, retire any such

1 notes from the revenues derived from the project or projects
2 or from such other moneys of the entity which are lawfully
3 available therefor or from a combination of each, in lieu of
4 retiring them by means of bond proceeds, provided, however,
5 that before the retirement of such notes by any means other
6 than the issuance of bonds it shall amend or repeal the reso-
7 lution authorizing the issuance of the bonds in anticipation
8 of the proceeds of the sale of which such notes shall have
9 been issued so as to reduce the authorized amount of the bond
10 issue by the amount of the notes so retired. Such amendatory
11 or repealing resolution shall take effect upon its passage.

12 **28E.22 Refunding bonds.** Refunding bonds may be issued by
13 an entity in a principal amount sufficient to provide funds
14 for the payment (including premium, if any) of bonds issued
15 by said entity pursuant to the provisions of this chapter to
16 be refunded thereby and the interest thereon and in addition
17 for the payment of all expenses incident to the calling, re-
18 tiring or paying of such outstanding bonds to be refunded,
19 such refunding bonds may also finance the construction of a
20 project or projects or the improvement, addition, betterment
21 or extension of an existing project or projects. Said re-
22 funding bonds shall not be issued to refund the principal of
23 and interest on any bonds to be refunded unless such bonds
24 mature or are redeemable under their terms within ten years
25 from the date of delivery of the refunding bonds. The pro-
26 ceeds of said refunding bonds to be used for the payment of
27 the principal of, interest on and redemption premiums, if
28 any, on said bonds to be refunded which will not be due and
29 payable immediately shall be deposited in trust for the sole
30 purpose of making such payments in a bank or trust company
31 within the state. Any moneys in such trust fund, prior to
32 the date such funds will be needed for the payment of such
33 principal of, interest on and redemption premiums, if any,
34 of such outstanding bonds to be refunded, may be invested or
35 reinvested as provided in the resolution authorizing said

1 refunding bonds. Refunding bonds shall be issued in the same
2 manner and detail as revenue bonds herein authorized.

3 28E.23. **Public agency: general obligation bonds.** Any
4 two or more public agencies participating in an agreement
5 authorizing the joint exercise of governmental power may
6 negotiate with each other and the entity for the joint fi-
7 financing of a project or projects approved by resolution of
8 the entity. Said negotiation shall determine among other
9 things, the respective share of the cost of the project or
10 projects to be borne by each public agency and such public
11 agencies may issue general obligation bonds for the purpose
12 of paying their respective share of the cost of the project
13 or projects and the proceeds derived from the sale of such
14 general obligation bonds shall be paid over the entity
15 and used solely for the purpose of acquiring and constructing
16 said project or projects. Public agencies undertaking to
17 issue bonds pursuant to this section must comply with the
18 existing provisions of law applicable to said public agencies
19 with respect to the authority for and issuance of said bonds.
20 All provisions of law applicable to a public agency, if such
21 public agency were financing its own project or projects
22 through the issuance of bonds, apply to a public agency
23 undertaking to issue bonds pursuant to the provisions of
24 this section.

25 28E.24. **Eminent domain.** Any public agency participating
26 in an agreement authorizing the joint exercise of governmental
27 powers may exercise its power of eminent domain to acquire
28 interests in property, under provisions of law then in effect
29 and applicable to such public agency, for the use of the
30 entity created to carry out such agreement. Any interests
31 in property so acquired shall be deemed acquired for a public
32 purpose of the condemning public agency, and the payment of
33 the costs of such acquisition may be made pursuant to such
34 agreement or to any separate agreement between or among said
35 public agency and such entity or the other public agencies

- 1 participating in such entity or any of them. Upon payment of
- 2 such costs, any property so acquired shall be and become the
- 3 property of the entity.”

EXPLANATION OF SENATE FILE 482

The purpose of this bill is to permit cooperation between local governments and between various levels of government in various types of governmental action which each can now do separately under present law. Present law provides no means of financing intergovernmental projects such as those enumerated, although it does permit financing of such projects if they are undertaken separately by individual governmental subdivisions.

The bill permits the issuance of revenue bonds, payable from the rates, fees, or other charges assessed by the intragovernmental entity; it likewise permits individual municipalities to issue GO bonds to finance such projects as required, in the manner and to the extent they might issue them for separate, local projects. Where referendum is now required by the law, it will still be required for each local government involved in the project. The entity will not have power of eminent domain; a member community could instead exercise its power of eminent domain for the entity and the entity will then acquire the property condemned by payment of the costs of condemnation.

No new level of government is established; rather, each community is represented on the board of the entity pursuant to the agreement by which it is established. Each local government is allowed to join of its own volition. The goal of this legislation is to permit increased efficiency in local government and cooperative effort toward governmental ends by the various levels of government—principally local government—of this state.

1 Amend Senate File 482 as follows:
2 1. By adding a new section as follows: Section
3 twenty-eight E point two (28E.2), Code 1966, is amended
4 by adding at the end thereof, the following: "A 'public
5 entity' shall have the same meaning as 'public agency',
6 and 'private entity' shall have the same meaning as 'private
7 agency', when used in this chapter."
8 2. By adding after page eight (8), line twenty-four
9 (24), a new paragraph as follows:
10 "No general obligation bonds shall be issued where a
11 private entity has any interest in the project. However,
12 upon payment of the general obligation bonds, the project
13 may be assigned in whole or in part to a private entity
14 upon due consideration but no general obligation bonds shall
15 henceforth be issued for such entity."
16 3. By striking from page nine (9), line three (3),
17 and inserting in lieu thereof, the following:
18 "property of the entity. No private entity shall
19 have any interest therein, nor shall the power of eminent
20 domain be exercised for the benefit of any private entity,
21 unless such private entity otherwise has the power of eminent
22 domain as provided by law."

Filed - *Withdrawn 4-25*
March 19, 1969

By HOUGEN

1 Amend Senate File 482 as follows:
2 1. By striking from page 1, lines 8 and 9, the words
3 "a public purpose and shall include, but not be limited to,".
4 2. By inserting in page 1, line 10, after the word
5 "following" the words "public purposes".

Filed - *Withdrawn 4-25*
March 20, 1969

By LANGE and KOSEK

1 Amend Senate File 482 on page one (1), in line
2 seventeen (17), after the word "cemeteries" by adding
3 the words ", electric systems, gas systems, water
4 systems".

Filed - *Withdrawn 4-25*
March 27, 1969

By SCHABEN

1 Amend Senate File 482 by striking everything after
2 the enacting clause and inserting in lieu thereof the following:
3 "Section 1. Chapter three hundred ninety-four (394),
4 Code 1966, is hereby amended by adding the following new section:
5 "Any power or powers, privileges or authority conferred
6 by this chapter to cities or towns and sanitary districts
7 may be exercised jointly by any political subdivisions of
8 this state in accordance with the provisions of chapter
9 twenty-eight E (28E) of the Code."

Filed - *Withdrawn 4-25*
April 2, 1969

By MESSERLY

1 Amend Senate File 482 by inserting in page 1,
2 line 14, after the word "systems," the words "water
3 systems,".

Filed
April 4, 1969

By LAVERTY

1 Amend Senate File 482 as follows:
2 1. Amend section 2, page 2, line 12, by striking
3 the words "by resolution or ordinance duly adopted by"
4 and inserting in lieu thereof the words "at an election
5 called by the council of".
6 2. Amend section 2, page 2, line 13, by inserting
7 after the word "agreement" the words "and held in the
8 manner prescribed by chapter 407 of the Code".

Filed - *Withdrawn 4-25*
April 4, 1969

By BALLOUN and STEPHENS

*Adopted
4-24*

- 1 Amend the Walsh amendment to Senate File 482, dated April 11, 1969,
- 2 as follows:
- 3 1. By striking from line 8 the figure "394.1" and inserting in lieu thereof
- 4 the words and figures "three hundred ninety-four point one (394.1) of the
- 5 Code".
- 6 2. By striking from line 11 the figure "28E" and inserting in lieu thereof
- 7 the words and figures "twenty-eight E (28E) of the Code".
- 8 3. By striking from line 13 the figure "28E.2" and inserting in lieu thereof
- 9 the words and figures "twenty-eight E point two (28E.2) of the Code".
- 10 4. By striking from line 14, the figure "394.1" and inserting in lieu thereof
- 11 the words and figures "three hundred ninety-four point one (394.1) of the
- 12 Code".
- 13 5. By striking from line 20 the words and figure "the numeral '3'" and in-
- 14 serting in lieu thereof "Sec. 3".
- 15 6. By striking from line 27 the words and figure "the numeral '4'" and in-
- 16 serting in lieu thereof "Sec. 4".
- 17 7. By inserting in line 29 after the figure "(28E.15)" the words
- 18 "of this chapter".
- 19 8. By inserting in line 30 after the figure "(3)" the words "of this
- 20 9. By striking from line 34 the words and figure "the numeral '5'" and
- 21 inserting in lieu thereof "Sec. 5".
- 22 10. By striking from line 45 the words and figure "the numeral '6'" and
- 23 inserting in lieu thereof "Sec. 6".
- 24 11. By inserting in line 47 after the figure "(28E.17)" the words "of
- 25 this chapter".
- 26 12. By inserting in line 48 after the numeral "(5)" the words "of
- 27 this Act".
- 28 13. By striking from line 50 the words and figures "the numeral '7'"
- 29 and inserting in lieu thereof "Sec. 7".
- 30 14. By striking from line 53 the words and figure "the numeral '8'"
- 31 and inserting in lieu thereof "Sec. 8".
- 32 15. By striking from line 55 the words and figure "the numeral '9'"
- 33 and inserting in lieu thereof "Sec. 9".
- 34 16. By striking from line 58 the words and figure "the numeral '10'"
- 35 and inserting in lieu thereof "Sec. 10".
- 36 17. By striking from line 60 the word "chapter" and inserting in lieu
- 37 thereof the word "Act".
- 38 18. By striking from line 65, the words and figure "the numeral '11'"
- 39 and inserting in lieu thereof "Sec. 11".
- 40 19. By striking from line 67 the word "chapter" and inserting in lieu
- 41 thereof the word "Act".

*Adopted
4-24*

*Adopted
4-24*

*Adopted
4-24*

*Adopted
4-24*

*Adopted
4-24*

Filed - *Adopted 4-24*
April 18, 1969

By WALSH

1 Amend Senate File 482 as follows:

2 1. By striking lines 3 through 23 on page 1 and inserting in lieu
3 thereof the following:

*adopted
4-24*

4 "Section 1. Code 1966 is hereby amended by adding the following
5 new

5 chapter:

6 'Section 1. Scope of chapter. This chapter is intended to provide
7 a means for the joint financing by public agencies of works or facilities
8 enumerated in section 394.1. The provisions of this chapter shall be
9 deemed to apply to the acquisition, construction, reconstruction, operation,

10 repair, extension or improvement of such works or facilities, by a
11 separate

11 administrative or legal entity created pursuant to chapter 28E.

12 Sec. 2. Definitions. The terms "public agency", "state", and "pri-
13 vate

13 agency" shall have the meanings prescribed by section 28E.2. The
14 term "project"

14 or "projects" shall mean any works or facilities referred to in section
15 394.1

15 and shall include all property real and personal, pertinent thereto or
16 connected

16 with such project or projects, and the existing works or facilities, if
17 any,

17 to which such project or projects are an extension, addition, better-
18 ment or

18 improvement."

19 2. By striking from line 24, page 1, the numerals and letter "28E.15"
20 and inserting in lieu thereof the numeral "3".

21 3. By striking from line 25, page 1, the words "governmental
22 powers"

22 and inserting in lieu thereof the words "those governmental powers
23 enumerated

23 in section three hundred ninety-four point one (394.1) of the Code".

24 4. By inserting in line 14, page 2, after the words "participating in",
25 the word "such".

26 5. By striking from line 29, page 2, the numerals and letter "28E.16"
27 and inserting in lieu thereof the numeral "4".

*adopted
4-24*

28 6. By striking from lines 30 and 31, page 2, the words and numerals
29 "twenty-eight E point fifteen (28E.15)", and inserting in lieu thereof
30 the

30 word and numeral "three (3)".

31 7. By striking from line 12, page 3, the word "The" and inserting in
32 lieu thereof the words "Such an".

33 8. By striking from line 20, page 3, the numerals and letter "28E.17"
34 and

*adopted
4-24*

34 inserting in lieu thereof the numeral "5".

35 9. By striking from line 21, page 3, the word "An" and inserting in
36 lieu

36 thereof the words "Such an".

37 10. By striking from line 33, page 3, the word "An" and inserting in
38 lieu thereof the words "Such an".

39 11. By striking from line 13, page 4, the word "the" after the word
40 "foregoing", and inserting in lieu thereof the words "such an".

*adopted
4-24*

41 12. By striking in its entirety line 22, page 4, and inserting in
42 lieu thereof the words "or projects authorized by this chapter, public
43 agencies

43 participating in such an agreement".

44 13. By striking from line 2, page 5, the numerals and letter "28E.18"
45 and inserting in lieu thereof the numeral "6".

46 14. By striking from line 7, page 5, the words and numerals "twenty-
47 eight E point seventeen (28E.17)" and inserting in lieu thereof the
word and

48 numeral "five (5)".

49 15. By striking from line 29, page 5, the numerals and letter
"28E.19"

50 and inserting in lieu thereof the numeral "7", and by striking
therefrom the

51 word "The" and inserting in lieu thereof the words "Such an".

52 16. By striking from line 2, page 6, the numerals and letter "28E.20"

53 and inserting in lieu thereof the numeral "8".

54 17. By striking from line 14, page 6, the numerals and letter
"28E.21"

55 and inserting in lieu thereof the numeral "9", and by striking
therefrom

56 the word "An" and inserting in lieu thereof the words "Such an".

57 18. By striking from line 12, page 7, the numerals and letter
"28E.22"

58 and inserting in lieu thereof the numeral "10".

59 19. By inserting in line 20, page 7, after the word "projects" the
60 words "authorized by this chapter".

61 20. By inserting in line 21, page 7, after the word "projects" the
62 words "so authorized".

63 21. By striking in their entirety lines 3 through 24, page 8.

64 22. By striking from line 25, page 8, the numerals and letter
"28E.24",

65 and inserting in lieu thereof the numeral "11".

66 23. By inserting in line 27, page 8, after the word "powers", the
67 words "pursuant to this chapter".

Filed - *Adopted 4-24*
April 11, 1969

By WALSH

April 28, 1969
Cities & Towns 4-30

SENATE FILE 482

By COMMITTEE ON CITIES AND TOWNS
(Committee on Cities and Towns)
(AS PASSED BY THE SENATE)

Passed Senate, Date...*4-25-69*... Passed House, Date...*5-12-69*
Vote: Ayes...*54*... Nays...*2*... Vote: Ayes...*104*... Nays...*1*
Approved...*May 19, 1969*...

A BILL FOR

1 An Act relating to joint exercise of governmental powers.

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

3 *Section 1. Code 1966 is hereby amended by adding the*
4 *following new chapter:*

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

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

22 *Sec. 3. Revenue Bonds. An entity created to carry out an *Should not be*
23 *agreement authorizing the joint exercise of those governmental* *italicized*
24 *powers enumerated in section three hundred ninety-four point one*
25 *(394.1) of the Code.**

1 shall have power to construct, acquire, repair, improve, ex-
 2 pand, operate and maintain a project or projects necessary to
 3 carry out the purposes of such agreement, and to issue from
 4 time to time revenue bonds payable from the revenues derived
 5 from such project or projects, or any combination of such
 6 projects, to finance the cost or part of the cost of the
 7 acquisition, construction, reconstruction, repair, extension
 8 or improvement of such project or projects, including the
 9 acquisition for the purposes of such agreement, of any property,
 10 real or personal or mixed therefor. The power of the entity
 11 to issue revenue bonds shall not be exercised until authorized
 12 by resolution or ordinance duly adopted by each of the public
 13 agencies participating in such agreement. Public agencies
 14 ^{not to be interpreted} participating in such ^{as to be interpreted} an agreement may not withdraw or in any way
 15 terminate, amend, or modify in any manner to the detriment of
 16 the bondholders said agreement if revenue bonds or obligations
 17 issued in anticipation of the issuance of said revenue bonds
 18 have been issued and are then outstanding and unpaid as pro-
 19 vided for herein. Any revenue bonds for the payment and
 20 discharge of which, upon maturity or upon redemption prior to
 21 maturity, provision has been made through the setting apart in
 22 a reserve fund or special trust account created pursuant to
 23 this chapter to insure the payment thereof, of moneys sufficient
 24 for that purpose or through the irrevocable segregation for that
 25 purpose in a sinking fund or other fund or trust account of
 26 moneys sufficient therefor, shall be deemed to be no longer
 27 outstanding and unpaid within the meaning of any provision of
 28 this chapter.

29 **Sec. 4. Use of proceeds: negotiability.** Revenue bonds may
 30 be issued, as provided in section *three (3) of this Act*,
 31 to provide all or any part of the
 32 funds required to finance the cost of the acquisition, con-
 33 struction, reconstruction, repair, extension or improvement of
 34 any project or projects or other purposes authorized under this
 35 chapter and such cost shall include, but not be limited to,

1 administrative expenses, acquisition and construction costs,
2 engineering, fiscal or financial and legal expenses, surveys,
3 plans and specifications, interest during such construction,
4 reconstruction, repair, extension or improvement or acquisition
5 and for one year after completion of such construction, recon-
6 struction, repair, extension or improvement or after acquisition
7 of the project or projects, initial reserve funds, acquisition
8 of real or personal property, including franchises, and such
9 other costs as are necessary and incidental to the construction,
10 reconstruction, repair, extension or improvement, or acquisi-
11 tion of such project or projects and the financing thereof.
12 *Such an* entity shall have the power to retain and enter into agree-
13 ments with engineers, fiscal agents, financial advisers,
14 attorneys, architects or other consultants or advisers for
15 planning, supervision and financing of such project or projects
16 upon such terms and conditions as shall be deemed advisable
17 and in the best interest of the entity. Bonds issued under
18 the provisions of this chapter are declared to be investment
19 securities under the laws of the state of Iowa.

20 *Sec. 5. Source of payment: rates and charges, pledge of*
21 *revenues.* *Such an* entity shall have the power to pledge all or
22 part of the net revenues of a project or projects to the pay-
23 ment of the principal of and interest on the bonds issued
24 pursuant to this chapter and shall provide by resolution autho-
25 rizing the issuance of said bonds that such net revenues of
26 the project or projects shall be set apart in a sinking fund
27 for that purpose and kept separate and distinct from all other
28 revenues of the entity. The principal of and interest on the
29 bonds so issued shall be secured by a pledge of such net reve-
30 nues of the project or projects in the manner and to the
31 extent provided in the resolution authorizing the issuance of
32 said bonds.

33 *Such an* entity shall have the power to fix, establish and main-
34 tain such rates, tolls, fees, rentals or other charges and
35 collect the same from the public agencies participating in the

1 agreement or from private agencies or persons for the payment
2 of the services and facilities provided by said project or
3 projects. Such rates, tolls, fees, rentals or other charges
4 shall be so fixed, established and maintained and revised
5 from time to time whenever necessary as will always provide
6 revenues sufficient to pay the cost of maintaining, repairing
7 and operating the project or projects, to pay the principal
8 of and interest of the bonds then outstanding which are payable
9 therefrom as the same become due and payable, to provide adequate
10 and sufficient reserves therefor, to provide for replacements,
11 depreciations and necessary extensions and enlargements and to
12 provide a margin of safety for the making of such payments and
13 providing such reserves. Notwithstanding the foregoing such an
14 entity shall have the further right to pledge to the payment
15 of the bonds issued pursuant to this chapter, in addition to
16 the net revenues of the project or projects pledged therefor,
17 such other moneys that it may have and which are lawfully
18 available therefor.

19 In order to pay the rates, tolls, fees, rentals or other
20 charges levied against a public agency by an entity for the
21 payment of the services and facilities provided by a project
22 *or projects authorized by this chapter, public agencies*
23 *participating in such an agreement*
24 shall have the power by ordinance to fix, establish and
25 maintain, rates or other charges for the use of and the services
26 and facilities rendered by said project or projects. Such
27 rates or charges may be so fixed, established and maintained
28 and revised from time to time whenever necessary as will
29 always provide such public agencies with sufficient revenue
30 to pay the rates, tolls, fees, rentals or other charges
31 levied against it by the entity for the payments of the
32 services and facilities provided by said project or projects.
33 All such rates or charges to be paid by the owners of real
34 property, if not paid as by the ordinance provided, when due,
35 shall constitute a lien upon real property served by such
36 project or projects, and shall be collected in the same manner

1 as general taxes.

2 **Sec. 6. Bonds not debts of the public agencies.** The prin-
3 cipal of and interest on the bonds issued by an entity under the
4 provisions of this chapter shall be payable solely from and
5 secured by the net revenues of the project or projects and from
6 other funds of the entity lawfully available therefor as provided
7 in section five (5) of this Act
8 and said bonds shall not in any respect be a general
9 obligation of any public agency participating in said entity
10 nor shall the entity or any public agency participating in said
11 entity be in any manner liable by reason of such net revenues
12 or other funds being insufficient to pay said bonds. All bonds
13 issued by the entity shall contain a recital on their face that
14 neither the payment of the principal nor any part thereof nor
15 any interest thereon constitutes a debt, liability or obligation
16 of any of the public agencies participating in the agreement
17 creating such entity or of the entity itself, except that the
18 entity shall be liable for the payment of such bonds from the
19 net revenues derived from the project or projects and from
20 the other moneys lawfully available therefor and pledged
21 thereto pursuant to the provisions of the resolution which
22 authorized their issuance. Said bonds issued by the entity
23 shall be authorized by resolution which may be adopted at the
24 same meeting at which it was introduced by a majority of the
25 members of the governing body of the entity. The terms,
26 conditions and provisions for the authorization, issuance, sale,
27 and security of said bonds and of the holders thereof shall be
28 set forth in said resolution.

29 **Sec. 7: Operation of project.** *Such an entity shall operate,*
30 *maintain and preserve the project or projects in good repair*
31 *and working order, and shall operate the project or projects*
32 *in an efficient and economical manner, provided, however, that*
33 *the entity may lease or rent the project or projects or any*
34 *part thereof, or otherwise provide for the operation of the*
35 *project or projects or any part thereof in such manner and upon*

1 such terms as the governing body of the entity shall direct.

2 **Sec. 8. Details of revenue bonds.** Revenue bonds issued
3 pursuant to the provisions of this chapter shall bear interest
4 at a rate or rates not exceeding six percentum per annum, may
5 be in one or more series, may bear such date or dates, may
6 mature at such time or times not exceeding forty years from
7 their respective dates, may be payable in such medium of pay-
8 ment, at such ~~place~~ or places within the state, may carry such
9 registration privileges, may be subject to such terms of prior
10 redemption, with or without premium, may be executed in such
11 manner, may contain such terms, covenants and conditions, and
12 may be in such form otherwise, as such resolution or subsequent
13 resolutions shall provide.

14 **Sec. 9. Issuance of bond anticipation notes.** *Such an entity*
15 shall have the power, at any time and from time to time after
16 the issuance of bonds thereof shall have been authorized, to
17 borrow money for the purposes for which such bonds are to be
18 issued in anticipation of the receipt of the proceeds of the
19 sale of such bonds and within the authorized maximum amount
20 of such bond issue. Any such loan shall be paid within three
21 years after the date of the initial loan. Bond anticipation
22 notes shall be issued for all moneys so borrowed under the
23 provisions of this section, and such notes may be renewed
24 from time to time, but all such renewal notes shall mature
25 within the time above limited for the payment of the initial
26 loan. Such notes shall be authorized by resolution of the
27 governing body of the entity and shall be in such denomination
28 or denominations, shall bear interest at such rate or rates
29 not exceeding the maximum rate permitted by the resolution
30 authorizing the issuance of the bonds, shall be in such form
31 and shall be executed in such manner, all as such entity shall
32 prescribe. If such notes shall be renewal notes, they may be
33 exchanged for notes then outstanding on such terms as the
34 governing body of the entity shall determine. The governing
35 body of the entity may, in its discretion, retire any such

1 notes from the revenues derived from the project or projects
2 or from such other moneys of the entity which are lawfully
3 available therefor or from a combination of each, in lieu of
4 retiring them by means of bond proceeds, provided, however,
5 that before the retirement of such notes by any means other
6 than the issuance of bonds it shall amend or repeal the reso-
7 lution authorizing the issuance of the bonds in anticipation
8 of the proceeds of the sale of which such notes shall have
9 been issued so as to reduce the authorized amount of the bond
10 issue by the amount of the notes so retired. Such amendatory
11 or repealing resolution shall take effect upon its passage.

12 *Sec. 10. Refunding bonds.* Refunding bonds may be issued by
13 an entity in a principal amount sufficient to provide funds
14 for the payment (including premium, if any) of bonds issued
15 by said entity pursuant to the provisions of this chapter to
16 be refunded thereby and the interest thereon and in addition
17 for the payment of all expenses incident to the calling, re-
18 tiring, or paying of such outstanding bonds to be refunded,
19 such refunding bonds may also finance the construction of a
20 project or projects *authorized by this Act* or the improvement,
21 or extension of an existing project or projects ^{addition, betterment} *so authorized.* Said re-
22 funding bonds shall not be issued to refund the principal of
23 and interest on any bonds to be refunded unless such bonds
24 mature or are redeemable under their terms within ten years
25 from the date of delivery of the refunding bonds. The pro-
26 ceeds of said refunding bonds to be used for the payment of
27 the principal of, interest on and redemption premiums, if
28 any, on said bonds to be refunded which will not be due and
29 payable immediately shall be deposited in trust for the sole
30 purpose of making such payments in a bank or trust company
31 within the state. Any moneys in such trust fund, prior to
32 the date such funds will be needed for the payment of such
33 principal of, interest on and redemption premiums, if any,
34 of such outstanding bonds to be refunded, may be invested or
35 reinvested as provided in the resolution authorizing said

1 refunding bonds. Refunding bonds shall be issued in the same
2 manner and detail as revenue bonds herein authorized.
3 *Sec. 11. Eminent domain.* Any public agency participating
4 in an agreement authorizing the joint exercise of governmental
5 powers pursuant to this Act may exercise its power of eminent
6 domain to acquire
7 interests in property, under provisions of law then in effect
8 and applicable to such public agency, for the use of the
9 entity created to carry out such agreement. Any interests
10 in property so acquired shall be deemed acquired for a public
11 purpose of the condemning public agency, and the payment of
12 the costs of such acquisition may be made pursuant to such
13 agreement or to any separate agreement between or among said
14 public agency and such entity or the other public agencies
15 participating in such entity or any of them. Upon payment of
16 such costs, any property as acquired shall be and become the
property of the entity."

EXPLANATION OF SENATE FILE 482

The purpose of this bill is to permit cooperation between local governments and between various levels of government in various types of governmental action which each can now do separately under present law. Present law provides no means of financing intergovernmental projects such as those enumerated, although it does permit financing of such projects if they are undertaken separately by individual governmental subdivisions.

The bill permits the issuance of revenue bonds, payable from the rates, fees, or other charges assessed by the intergovernmental entity; it likewise permits individual municipalities to issue GO bonds to finance such projects as required, in the manner and to the extent they might issue them for separate, local projects. Where referendum is now required by the law, it will still be required for each local government involved in the project. The entity will not have power of eminent domain; a member community could instead exercise its power of eminent domain for the entity and the entity will then acquire the property condemned by payment of the costs of condemnation.

No new level of government is established; rather, each community is represented on the board of the entity pursuant to the agreement by which it is established. Each local government is allowed to join of its own volition. The goal of this legislation is to permit increased efficiency in local government and cooperative effort toward governmental ends by the various levels of government—principally local government—of this state.