

E. Swanson 2/8 *Amended from 53,141*
to 26 (7-762)

Reprinted 2/26

FILED FEB 7 1979

SENATE FILE 203

By HUTCHINS

Passed Senate, Date 2/26/79 (7-1081) Passed House, Date _____

Vote: Ayes 27 Nays 21 Vote: Ayes _____ Nays _____

Approved _____

Not to be reprinted.

A BILL FOR

1 An Act authorizing merged areas to acquire and operate
2 student residence halls, dormitories, and student
3 centers including dining and parking facilities, and
4 to finance the cost with revenue bonds.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Chapter two hundred eighty A (280A), Code 1979,
2 is amended by adding as a new division sections two (2) through
3 fourteen (14) of this Act:

4 Sec. 2. NEW SECTION. DEFINITIONS. As used in this
5 division, unless the context otherwise requires:

6 1. "Board" means the governing board of a merged area.

7 2. "Project" means any of the following:

8 a. Acquisition by purchase, lease, or construction of
9 buildings for use as student residence halls, dormitories,
10 student centers, including dining facilities, parking
11 facilities, and additions to the buildings and facilities.
12 b. The reconstruction, completion, equipment, improvement,
13 repair or remodeling of acquisitions specified in paragraph
14 a of this subsection.

15 c. The acquisition and improvement of property whether
16 real, personal, or mixed, by gift, purchase, lease,
17 condemnation, or otherwise for the purposes under this
18 subsection.

19 d. The construction and maintenance of parking facilities.

20 3. "Institution" means an area school.

21 4. "Bonds or notes" means revenue bonds or revenue notes
22 which are payable only from net rents, profits, and income
23 derived from the operation of residence halls, dormitories,
24 student centers and parking facilities.

25 Sec. 3. NEW SECTION. AUTHORIZATION--CONTRACTS--TITLE.
26 Subject to this division, the board may carry out a project
27 at an institution, and may operate, control, maintain, and
28 manage student residence halls, dormitories, and student
29 centers, including dining facilities, parking facilities and
30 other incidental facilities, at an institution. Contracts
31 for the construction, reconstruction, completion, equipment,
32 improvement, repair, or remodeling of buildings, additions,
33 or facilities shall be let under section twenty-three point
34 eighteen (23.18) of the Code. The title to real property
35 acquired under this division and the improvements erected

1 on the real property shall be taken and held in the name of
2 the merged area.

3 The board may rent the rooms in the residence halls and
4 dormitories to the students, officers, guests, and employees
5 of the institution, and shall adopt a schedule of charges
6 for use of the residence halls, dormitories, student centers
7 and parking facilities sufficient to insure payment of the
8 principal and interest on bonds or notes issued to pay a part
9 of the cost of the project, and refunding bonds or notes
10 issued pursuant to this division.

11 Sec. 4. NEW SECTION. BONDS OR NOTES. To pay all or a
12 part of the cost of a project, the board may borrow money,
13 issue and sell negotiable bonds or notes, and refund and
14 refinance bonds and notes or refunding bonds and notes issued
15 for a project, at a lower rate, the same rate, or a higher
16 rate of interest as often as the board finds it advisable
17 and necessary. Bonds or notes may be sold by the board at
18 public sale as prescribed by chapter seventy-five (75) of
19 the Code, but if the board finds it to be in the public
20 interest, bonds or notes may be sold by the board at private
21 sale without published notice and without regard to the
22 requirements of chapter seventy-five (75) of the Code, upon
23 the terms prescribed by the resolution authorizing the sale,
24 but the bonds or notes shall be sold at terms of not less
25 than par plus accrued interest. Bonds or notes issued to
26 refund other bonds and notes issued by the board for a project
27 may either be sold and the proceeds applied to the payment
28 of obligations being refunded, or the refunding bonds or notes
29 may be exchanged for and in payment and discharge of the
30 obligations being refunded. A finding by the board in the
31 resolution authorizing the issuance of refunding bonds and
32 notes that the bonds or notes being refunded were issued for
33 a purpose specified in this division and constitute binding
34 obligations of the board, is conclusive and may be relied
35 upon by a holder of a refunding bond or note issued under

1 this division. The refunding bonds or notes may be sold or
2 exchanged in installments at different times or an entire
3 issue may be sold or exchanged at one time. An issue or
4 series of refunding bonds or notes may be exchanged in part
5 or sold in parts in installments at different times or at
6 one time. The refunding bonds or notes may be sold or
7 exchanged at a time on, before, or after the maturity of the
8 outstanding notes, bonds, or other obligations to be
9 refinanced, and may be issued for the purpose of refunding
10 a like or greater principal amount of bonds or notes, except
11 that the principal amount of the refunding bonds or notes
12 may exceed the principal amount of the bonds or notes to be
13 refunded to the extent necessary to pay the premium due on
14 the call of the bonds or notes to be refunded or to fund
15 interest in arrears or about to become due.

16 Bonds or notes issued under this division are payable only
17 from and shall be secured by an irrevocable pledge of a
18 sufficient portion of either or both of the following:

19 1. The net rents, profits, and income derived from the
20 operation of completed projects financed in whole or in part
21 with the proceeds of the bonds and notes.

22 2. The net rents, profits, and income not pledged for
23 other purposes, derived from the operation of other residence
24 halls, dormitories or student centers, including dining
25 facilities, parking facilities or other incidental facilities,
26 and additions at an institution operated by the board.

27 Bonds or notes issued under the provisions of this division
28 shall have the qualities of negotiable instruments under the
29 laws of this state.

30 Sec. 5. NEW SECTION. RATES AND TERMS OF BONDS OR NOTES.
31 As provided by the resolution of the board authorizing their
32 issuance, bonds or notes may bear dates, bear interest at
33 rates payable semiannually, mature at any time, carry
34 registration privileges, be payable at any place, be subject
35 to terms of redemption prior to maturity with or without

1 premium, if so stated on the face, and may contain other terms
2 and covenants. In addition to the estimated cost of
3 construction, the cost of the project includes interest upon
4 the bonds or notes during construction and for six months
5 after the estimated completion date, the compensation of a
6 fiscal agent or adviser, and engineering, administrative,
7 and legal expenses. Bonds or notes shall be executed by the
8 president of the board and attested by the secretary, and
9 the coupons attached shall be executed with the original or
10 facsimile signatures of the president and secretary. Bonds
11 or notes bearing signatures of officers in office on the date
12 of the signing are valid and binding for all purposes, even
13 though before delivery the persons whose signatures appear
14 have ceased to be officers. Each bond or note shall state
15 upon its face the official designation of the merged area,
16 the name and location of the institution, that it is payable
17 only from the net rents, profits, and income derived from
18 the operation of residence halls, dormitories or student
19 centers, including dining facilities, parking facilities and
20 other incidental facilities, and that it does not constitute
21 a charge against the merged area or the state of Iowa within
22 the meaning or application of a constitutional or statutory
23 limitation or provision. The issuance of bonds or notes shall
24 be recorded in the office of the treasurer of the merged area
25 and a certificate of the registration by the treasurer shall
26 be printed on the back of each bond or note.

27 Sec. 6. NEW SECTION. REFUNDING. Upon a determination
28 by a board to carry out a project or to refund outstanding
29 bonds or notes, the board shall adopt a resolution describing
30 the contemplated project and setting forth the estimated cost,
31 or describing the obligations to be refunded, fixing the
32 amount of bonds or notes to be issued, the maturities, the
33 interest rates and other necessary details. The resolution
34 shall contain covenants as determined by the board as to the
35 issuance of additional bonds or notes that may thereafter

1 be issued payable from net rents, profits, and income of the
2 residence halls, dormitories, student centers or other
3 facilities; the amendment or modification of the resolution
4 authorizing the issuance of bonds or notes; the manner, terms,
5 conditions, and the amount or percentage of assenting bonds
6 or notes necessary to effectuate the amendment or modification;
7 and other covenants as necessary or desirable. In the
8 discretion of the board, bonds or notes issued under the terms
9 of this division may be secured by a trust indenture between
10 the board and a corporate trustee, which may be a trust company
11 or bank having the powers of a trust company within or without
12 the boundaries of the state of Iowa, but no trust indenture
13 shall convey or mortgage the buildings or facilities or a
14 part of the buildings or facilities. This division and a
15 resolution or other proceedings authorizing the issuance of
16 bonds or notes and providing for the establishment and
17 maintenance of adequate rates, fees, or rentals, and the
18 application of the proceeds, is a contract with the holders
19 of bonds or notes.

20 Sec. 7. NEW SECTION. RATES, FEES AND RENTALS--PLEDGE.
21 When bonds and notes are issued by a board, the board shall
22 establish, impose, and collect rates, fees, and rentals for
23 the use of and services provided by the residence halls,
24 dormitories, and student centers, including dining facilities,
25 parking facilities and other incidental facilities at the
26 institution, and shall adjust rates, fees, or rentals in order
27 to provide net amounts sufficient to pay the principal and
28 interest on the bonds or notes as they become due, and to
29 maintain a reserve. The board may pledge a sufficient amount
30 of the net rents, profits, and income derived from the
31 operation of residence halls, dormitories, and student centers,
32 including dining facilities, parking facilities and other
33 incidental facilities at the institution for that purpose.
34 Rates, fees, or rentals collected at one location of the
35 institution may be used to discharge bonds or notes issued

1 for another location of the same institution. Bonds or notes
2 issued under the terms of this division are exempt from
3 taxation by this state, and interest on the bonds or notes
4 is exempt from the state income tax.

5 Sec. 8. NEW SECTION. ACCOUNTS. A certified copy of each
6 resolution providing for the issuance of bonds or notes under
7 this division shall be filed with the treasurer of the merged
8 area and the treasurer shall maintain separate accounts for
9 each issue of bonds or notes in accordance with the covenants
10 and directions set out in the resolution providing for the
11 issuance of the bonds or notes. Rates, fees, or rentals
12 collected for the use of and services provided by the residence
13 halls, dormitories, and student centers, including dining
14 facilities, parking facilities and other incidental facilities,
15 shall be held in trust by the treasurer of the merged area,
16 separate from all other funds, to be used only for the purposes
17 specified in this division and as required and provided for
18 by the proceedings of the board authorizing the issuance of
19 the bonds or notes. The treasurer of the merged area shall
20 disburse funds from the proper account for the payment of
21 the principal and interest on the bonds or notes in accordance
22 with the directions and covenants of the resolution authorizing
23 their issuance.

24 Sec. 9. NEW SECTION. NO OBLIGATION AGAINST AREA. Bonds
25 and notes issued under this division are not a charge or
26 general obligation against the merged area or this state
27 within a constitutional or statutory provision. Taxes,
28 appropriations, and other funds of the merged area or of the
29 state of Iowa shall not be pledged for or used to pay the
30 bonds or notes or the interest on the bonds or notes, but
31 bonds or notes are payable only as to both principal and
32 interest from the net rents, profits, and income derived from
33 the operation of residence halls, dormitories, and student
34 centers, including dining facilities, parking facilities and
35 other incidental facilities at the institutions operated by

1 the board, and the remedy for any breach or default of the
2 terms of the bonds or notes or proceedings for their issuance
3 is a proceeding either in law or equity by suit, action, or
4 mandamus to enforce and compel performance of the duties
5 required by this division and the terms of the resolution
6 under which bonds or notes are issued.

7 Sec. 10. NEW SECTION. WHO MAY INVEST. Banks, trust
8 companies, bankers, savings banks and institutions, building
9 and loan associations, savings and loan associations,
10 investment companies, and other persons carrying on a banking
11 or investment business, insurance companies, insurance
12 associations, and other persons carrying on an insurance
13 business, and executors, administrators, guardians, trustees,
14 and other fiduciaries may legally invest sinking funds, moneys,
15 or other funds held by them or within their control in bonds
16 or notes issued pursuant to this division. However, nothing
17 contained in this section relieves a person from exercising
18 a duty of reasonable care in selecting securities for purchase
19 or investment.

20 Sec. 11. NEW SECTION. FEDERAL OR OTHER AID ACCEPTED.
21 A board, with the approval of the state board of public
22 instruction acting on the advice and recommendation of the
23 advisory committee, may apply for and accept federal aid or
24 nonfederal gifts or grants of funds and use them to pay any
25 part of the cost of carrying out a project under the terms
26 of this division, or to pay bonds and interest on the notes
27 or bonds issued for the purposes specified in this division.

28 Sec. 12. NEW SECTION. ALTERNATIVE METHOD. This division
29 provides an alternative and independent method for carrying
30 out projects at an institution, for the issuance and sale
31 or exchange of bonds and notes, and for refunding bonds and
32 notes, without reference to any other statute, and is not
33 an amendment of or subject to the provisions of any other
34 law, and publication of notice, under section twenty-three
35 point twelve (23.12) of the Code or otherwise, and further

S-5314

1 Amend Senate File 202 by striking everything after
2 the enacting clause and inserting in lieu thereof
3 the following:

4 "Section 1. Chapter two hundred eighty A (280A),
5 Code 1979, is amended by adding as a new division
6 sections two (2) through fourteen (14) of this Act:

7 Sec. 2. NEW SECTION. DEFINITIONS. As used in
8 this division, unless the context otherwise requires:

9 1. "Board" means the governing board of a merged
10 area.

11 2. "Project" means any of the following:

12 a. Acquisition by purchase, lease, or construction
13 of buildings for use as student residence halls and
14 dormitories including dining facilities and incidental
15 facilities and additions to the buildings and
16 facilities.

17 b. The reconstruction, completion, equipment,
18 improvement, repair or remodeling of acquisitions
19 specified in paragraph a of this subsection.

20 c. The acquisition and improvement of property
21 whether real, personal, or mixed, by gift, purchase,
22 lease, condemnation, or otherwise for the purposes
23 of this subsection.

24 3. "Institution" means an area school.

25 4. "Bonds or notes" means revenue bonds or revenue
26 notes issued under this division which are payable
27 only from net rents, profits, and income derived from
28 the operation of student residence halls and
29 dormitories.

30 Sec. 3. NEW SECTION. AUTHORIZATION--CONTRACTS--
31 -TITLE. Subject to this division, the board may carry
32 out a project at an institution, and may operate,
33 control, maintain, and manage student residence halls
34 and dormitories, including dining facilities and other
35 incidental facilities, at an institution. Contracts
36 for the construction, reconstruction, completion,
37 equipment, improvement, repair, or remodeling of
38 buildings, additions, or facilities shall be let under
39 section twenty-three point eighteen (23.18) of the
40 Code. The title to real property acquired under this
41 division and the improvements erected on the real
42 property shall be taken and held in the name of the
43 merged area.

44 The board may rent the rooms in the residence halls
45 and dormitories to the students, officers, guests,
46 and employees of the institution, and shall adopt
47 a schedule of charges for use of the residence halls
48 and dormitories, sufficient to insure payment of the
49 principal and interest on bonds or notes issued to
50 pay a part of the cost of the project, and refunding

1 bonds or notes.
2 Sec. 4. NEW SECTION. BONDS OR NOTES. To pay
3 all or a part of the cost of a project, the board
4 may borrow money, issue and sell negotiable bonds
5 or notes, and refund and refinance bonds or notes
6 or refunding bonds or notes issued for a project,
7 at a lower rate, the same rate, or a higher rate of
8 interest as often as the board finds it advisable
9 and necessary. Bonds or notes may be sold by the
10 board at public sale as prescribed by chapter seventy-
11 five (75) of the Code, but if the board finds it to
12 be in the public interest, bonds or notes may be sold
13 by the board at private sale without published notice
14 and without regard to the requirements of chapter
15 seventy-five (75) of the Code, upon the terms
16 prescribed by the resolution authorizing the sale,
17 but the bonds or notes shall be sold at terms of not
18 less than par plus accrued interest. Bonds or notes
19 issued to refund other bonds and notes issued by the
20 board for a project may either be sold and the proceeds
21 applied to the payment of obligations being refunded,
22 or the refunding bonds or notes may be exchanged for
23 and in payment and discharge of the obligations being
24 refunded. A finding by the board in the resolution
25 authorizing the issuance of refunding bonds or notes
26 that the bonds or notes being refunded were issued
27 for a purpose specified in this division and constitute
28 binding obligations of the board, is conclusive and
29 may be relied upon by a holder of a refunding bond
30 or note. The refunding bonds or notes may be sold
31 or exchanged in installments at different times or
32 an entire issue may be sold or exchanged at one time.
33 An issue or series of refunding bonds or notes may
34 be exchanged in part or sold in parts in installments
35 at different times or at one time. The refunding
36 bonds or notes may be sold or exchanged at a time
37 on, before, or after the maturity of the outstanding
38 bonds, notes or other obligations to be refinanced,
39 and may be issued for the purpose of refunding a like
40 or greater principal amount of bonds or notes, except
41 that the principal amount of the refunding bonds or
42 notes may exceed the principal amount of the bonds
43 or notes to be refunded to the extent necessary to
44 pay the premium due on the call of the bonds or notes
45 to be refunded or to fund interest in arrears or about
46 to become due.
47 Bonds or notes are payable only from and shall
48 be secured by an irrevocable pledge of a sufficient
49 portion of either or both of the following:
50 1. The net rents, profits, and income derived

S-5314 - Page 3

1 from the operation of completed projects financed
2 in whole or in part with the proceeds of the bonds
3 or notes.

4 2. The net rents, profits, and income not pledged
5 for other purposes, derived from the operation of
6 other residence halls and dormitories, including
7 dining facilities or other incidental facilities,
8 and additions at an institution operated by the board.

9 Bonds or notes shall have the qualities of
10 negotiable instruments under the laws of this state.

11 Sec. 5. NEW SECTION. RATES AND TERMS OF BONDS
12 OR NOTES. As provided by the resolution of the board
13 authorizing their issuance, bonds or notes may bear
14 dates, bear interest at rates payable semiannually,
15 mature at any time, carry registration privileges,
16 be payable at any place, be subject to terms of
17 redemption prior to maturity with or without premium,
18 if so stated on the face, and may contain other terms
19 and covenants. In addition to the estimated cost
20 of construction, the cost of the project includes
21 interest upon the bonds or notes during construction
22 and for six months after the estimated completion
23 date, the compensation of a fiscal agent or adviser,
24 and engineering, administrative, and legal expenses.
25 Bonds or notes shall be executed by the president
26 of the board and attested by the secretary, and the
27 coupons attached shall be executed with the original
28 or facsimile signatures of the president and secretary.
29 Bonds or notes bearing signatures of officers in
30 office on the date of the signing are valid and binding
31 for all purposes, even though before delivery the
32 persons whose signatures appear have ceased to be
33 officers. Each bond or note shall state upon its
34 face the official designation of the merged area,
35 the name and location of the institution, that it
36 is payable only from the net rents, profits, and
37 income derived from the operation of residence halls
38 and dormitories; including dining facilities and other
39 incidental facilities, and that it does not constitute
40 a charge against the merged area or the state of Iowa
41 within the meaning or application of any constitutional
42 or statutory limitation or provision. The issuance
43 of bonds or notes shall be recorded in the office
44 of the treasurer of the merged area and a certificate
45 of the registration by the treasurer shall be printed
46 on the back of each bond or note.

47 Sec. 6. NEW SECTION. REFUNDING. Upon a
48 determination by a board to carry out a project or
49 to refund outstanding bonds or notes, the board shall
50 adopt a resolution describing the contemplated project

S-5314 - Page 4

1 and setting forth the estimated cost, or describing
2 the obligations to be refunded, fixing the amount
3 of bonds or notes to be issued, the maturities, the
4 interest rates and other necessary details. The
5 resolution shall contain covenants as determined by
6 the board as to the issuance of additional bonds or
7 notes that may thereafter be issued payable from net
8 rents, profits, and income of the residence halls
9 and dormitories, including dining facilities and other
10 incidental facilities; the amendment or modification
11 of the resolution authorizing the issuance of bonds
12 or notes; the manner, terms, conditions, and the
13 amount or percentage of assenting bonds or notes
14 necessary to effectuate the amendment or modification;
15 and other covenants as necessary or desirable. In
16 the discretion of the board, bonds or notes may be
17 secured by a trust indenture between the board and
18 a corporate trustee, which may be a trust company
19 or bank having the powers of a trust company within
20 or without the boundaries of the state of Iowa, but
21 a trust indenture shall not convey or mortgage the
22 buildings or facilities or a part of the buildings
23 or facilities. This division and a resolution or
24 other proceedings authorizing the issuance of bonds
25 or notes and providing for the establishment and
26 maintenance of adequate rates, fees, or rentals, and
27 the application of the proceeds, is a contract with
28 the holders of bonds or notes.

29 Sec. 7. NEW SECTION. RATES, FEES AND RENTALS-
30 -PLEDGE. When bonds or notes are issued by a board,
31 the board shall establish, impose, and collect rates,
32 fees, and rentals for the use of and services provided
33 by the residence halls and dormitories, including
34 dining facilities and other incidental facilities
35 at the institution, and shall adjust rates, fees,
36 or rentals in order to provide net amounts sufficient
37 to pay the principal and interest on the bonds or
38 notes as they become due, and to maintain a reserve.
39 The board may pledge a sufficient amount of the net
40 rents, profits, and income derived from the operation
41 of residence halls and dormitories, including dining
42 facilities and other incidental facilities at the
43 institution for that purpose. Rates, fees, or rentals
44 collected at one location of the institution may be
45 used to discharge bonds or notes issued for another
46 location of the same institution. Bonds or notes
47 are exempt from taxation by this state, and interest
48 on bonds or notes is exempt from the state income
49 tax.

50 Sec. 8. NEW SECTION. ACCOUNTS. A certified copy

S-5314 - Page 5

1 of each resolution providing for the issuance of bonds
2 or notes shall be filed with the treasurer of the
3 merged area and the treasurer shall maintain separate
4 accounts for each issue of bonds or notes in accordance
5 with the covenants and directions set out in the
6 resolution providing for the issuance of the bonds
7 or notes. Rates, fees, or rentals collected for the
8 use of and services provided by the residence halls
9 and dormitories, including dining facilities and other
10 incidental facilities, shall be held in trust by the
11 treasurer of the merged area, separate from all other
12 funds, to be used only for the purposes specified
13 in this division and as required and provided for
14 by the proceedings of the board authorizing the
15 issuance of the bonds or notes. The treasurer of
16 the merged area shall disburse funds from the proper
17 account for the payment of the principal and interest
18 on the bonds or notes in accordance with the directions
19 and covenants of the resolution authorizing their
20 issuance.

21 Sec. 9. NEW SECTION. NO OBLIGATION AGAINST AREA.
22 Bonds or notes are not a charge or general obligation
23 against the merged area or this state within a
24 constitutional or statutory provision. Taxes,
25 appropriations, and other funds of the merged area
26 or of the state of Iowa shall not be pledged for or
27 used to pay the bonds or notes or the interest on
28 the bonds or notes, but bonds or notes are payable
29 only as to both principal and interest from the net
30 rents, profits, and income derived from the operation
31 of residence halls and dormitories, including dining
32 facilities and other incidental facilities at the
33 institutions operated by the board, and the remedy
34 for any breach or default of the terms of the bonds
35 or notes or proceedings for their issuance is a
36 proceeding either in law or equity by suit, action,
37 or mandamus to enforce and compel performance of the
38 duties required by this division and the terms of
39 the resolution under which bonds or notes are issued.

40 Sec. 10. NEW SECTION. WHO MAY INVEST. Banks,
41 trust companies, bankers, savings banks and
42 institutions, building and loan associations, savings
43 and loan associations, investment companies, and other
44 persons carrying on a banking or investment business,
45 insurance companies, insurance associations, and other
46 persons carrying on an insurance business, and
47 executors, administrators, guardians, trustees, and
48 other fiduciaries may legally invest sinking funds,
49 moneys, or other funds held by them or within their
50 control in bonds or notes. However, nothing contained

S-5314 - Page 6

1 in this section relieves a person from exercising
2 a duty of reasonable care in selecting securities
3 for purchase or investment.

4 Sec. 11. NEW SECTION. FEDERAL OR OTHER AID
5 ACCEPTED. A board, with the approval of the state
6 board of public instruction acting on the advice and
7 recommendation of the advisory committee, may apply
8 for and accept federal aid or nonfederal gifts or
9 grants of funds and use them to pay any part of the
10 cost of carrying out a project under this division,
11 or to pay principal and interest on bonds or notes.

12 Sec. 12. NEW SECTION. ALTERNATIVE METHOD. This
13 division provides an alternative and independent
14 method for carrying out projects at an institution,
15 for the issuance and sale or exchange of bonds or
16 notes, and for refunding bonds or notes, without
17 reference to any other statute, and is not an amendment
18 of or subject to the provisions of any other law,
19 and publication of notice, under section twenty-three
20 point twelve (23.12) of the Code or otherwise, and
21 further proceedings in respect to the issuance, sale
22 or exchange of bonds or notes, is not required except
23 as prescribed by this division.

24 Sec. 13. NEW SECTION. PRIOR ACTION LEGALIZED.
25 All rights acquired prior to the effective date of
26 this Act in connection with the financing of a project
27 at an institution are preserved, and all acts and
28 proceedings taken by a board preliminary to and in
29 connection with the authorization and issuance of
30 any notes or other obligations issued and outstanding
31 prior to the effective date of this Act, in connection
32 with the financing of a project at an institution
33 are legalized, and the notes or obligations are legal
34 and constitute valid obligations of the merged area,
35 according to their terms and payable only from the
36 sources referred to in the notes or other obligations.

37 Sec. 14. NEW SECTION. APPROVAL BY STATE BOARD.
38 A project shall not be undertaken under this division
39 until it has been submitted to the state board of
40 public instruction and the state board has found,
41 by resolution, that the proposed project appears
42 likely to implement the educational objectives of
43 the merged area, and that it appears probable that
44 the proposed project will be in the best educational
45 interests of the inhabitants of the merged area and
46 of this state.

47 The state board shall not approve a project to
48 provide student dormitories in excess of twenty-five
49 percent of the full-time equivalent enrollment in
50 vocational programs at that location of the merged

S-5314
Page 7

1 area school for the previous year.
2 In approving a project for the construction of
3 buildings for use as student dormitories, the state
4 board shall consider and be assured that:
5 1. Student demand for the dormitories exists and
6 the demand is adequate to generate sufficient revenue
7 to pay the principal and interest on the bonds or
8 notes as they become due and to maintain a reserve
9 therefor.
10 2. Other suitable housing is not available at
11 a reasonable distance from the educational facilities
12 of the institution.
13 Sec. 15. This Act becomes effective January first
14 following its enactment."
15 2. Amend the title, line 2, by striking the words
16 ",dormitories, and student" and inserting in lieu
17 thereof the words "and dormitories,".
18 3. Amend the title, by striking line 3 and
19 inserting in lieu thereof the words "including dining
20 facilities, and".

S-5314 FILED
MARCH 7, 1980

BY COMMITTEE ON EDUCATION
WILLARD R. HANSEN, CHAIRPERSON

*Adopted and amended by
5-5-25 3/26 (S. 1031)*

SENATE FILE 202

S-5526

- 1 Amend the Committee on Education amendment, S-5314
- 2 to Senate File 202, as follows:
- 3 1. Page 1, lines 13 and 14, by striking the words
- 4 "residence halls and dormitories" and inserting in
- 5 lieu thereof the words "residencies".
- 6 2. Page 1, lines 28 and 29, by striking the words
- 7 "residence halls and dormitories" and inserting in
- 8 lieu thereof the word "residencies".
- 9 3. Page 1, by inserting after line 29 the
- 10 following:
- 11 "5. "Student residencies" means low-rise,
- 12 apartment-style or single occupancy dwellings of three
- 13 stories or less."
- 14 4. Page 1, lines 33 and 34, by striking the words
- 15 "residence halls and dormitories" and inserting in
- 16 lieu thereof the word "residencies".
- 17 5. Page 1, lines 44 and 45, by striking the words
- 18 "residence halls and dormitories" and inserting in
- 19 lieu thereof the words "student residencies".
- 20 6. Page 1, lines 47 and 48, by striking the words
- 21 "residence halls and dormitories" and inserting in
- 22 lieu thereof the words "student residencies".
- 23 7. Page 3, line 6, by striking the words "residence
- 24 halls and dormitories" and inserting in lieu thereof
- 25 the words "student residencies".
- 26 8. Page 3, lines 37 and 38, by striking the words
- 27 "residence halls and dormitories" and inserting in
- 28 lieu thereof the words "student residencies".
- 29 9. Page 4, lines 8 and 9, by striking the words
- 30 "residence halls and dormitories" and inserting in
- 31 lieu thereof the words "student residencies".
- 32 10. Page 4, line 33, by striking the words
- 33 "residence halls and dormitories" and inserting in
- 34 lieu thereof the words "student residencies".
- 35 11. Page 4, line 41, by striking the words
- 36 "residence halls and dormitories" and inserting in
- 37 lieu thereof the words "student residencies".
- 38 12. Page 5, lines 8 and 9, by striking the words
- 39 "residence halls and dormitories" and inserting in
- 40 lieu thereof the words "student residencies".
- 41 13. Page 5, line 31, by striking the words
- 42 "residence halls and dormitories" and inserting in
- 43 lieu thereof the words "student residencies".
- 44 14. Page 6, line 48, by striking the word
- 45 "dormitories" and inserting in lieu thereof the word
- 46 "residencies".
- 47 15. Page 7, line 3, by striking the word
- 48 "dormitories" and inserting in lieu thereof the word
- 49 "residencies".
- 50 16. Page 7, line 5, by striking the word

S-5526
Page 2

- 1 "dormitories" and inserting in lieu thereof the words
- 2 "student residencies".
- 3 17. Page 7, line 16, by inserting before the word
- 4 ", dormitories" the words "residence halls".
- 5 18. Page 7, line 17, by striking the words "and
- 6 dormitories" and inserting in lieu thereof the word
- 7 "residencies".

S-5526 FILED BY JOE BROWN
MARCH 25, 1980

Last 3/26 (p. 1001)

SENATE FILE 202

S-5525

- 1 Amend S-5314, the Committee on Education amendment
- 2 to Senate File 202, as follows:
- 3 1. Page 1, lines 45 and 46, by striking the words
- 4 ", officers, guests, and employees" and inserting
- 5 in lieu thereof the words "and guests".
- 6 2. Page 4, line 4, by inserting after the period
- 7 the following:
- 8 "The resolution shall state that taxes,
- 9 appropriations, and other funds of the merged area
- 10 or of the state of Iowa shall not be pledged for or
- 11 used to pay the bonds or notes or the interest on
- 12 the bonds or notes, but bonds or notes are payable
- 13 only as to both principal and interest from the net
- 14 rents, profits, and income derived from the operation
- 15 of student residence halls and dormitories, including
- 16 dining facilities and other incidental facilities,
- 17 at the institutions operated by the board."
- 18 3. Page 4, line 44, by inserting after the word
- 19 "at" the words "student residence halls and
- 20 dormitories, including dining facilities and other
- 21 incidental facilities, at".
- 22 4. Page 4, line 45, by inserting after the word
- 23 "for" the words "student residence halls and
- 24 dormitories, including dining facilities and other
- 25 incidental facilities, at".
- 26 5. Page 4, line 46, by striking the words "Bonds
- 27 or notes".
- 28 6. Page 4, by striking lines 47, 48 and 49.
- 29 7. Page 6, line 11, by inserting after the word
- 30 "notes" the words ", if the aid, gifts or grants were
- 31 designated for such purposes when applied for or
- 32 accepted".

S-5525 FILED BY EDGAR H. HOLDEN
MARCH 25, 1980

Adopted 3/26 (p. 1050)

SENATE FILE 202

By HUTCHINS

(AS AMENDED AND PASSED BY THE SENATE MARCH 26, 1980)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

An Act authorizing merged areas to acquire and operate
2 student residence halls and dormitories, including
3 dining facilities, and to finance the cost with revenue
4 bonds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

_____ = New Language
by the Senate

1 Section 1. Chapter two hundred eighty A (280A), Code 1979,
2 is amended by adding as a new division sections two (2) through
3 fourteen (14) of this Act:

4 Sec. 2. NEW SECTION. DEFINITIONS. As used in this
5 division, unless the context otherwise requires:

6 1. "Board" means the governing board of a merged area.

7 2. "Project" means any of the following:

8 a. Acquisition by purchase, lease, or construction of
9 buildings for use as student residence halls and dormitories
10 including dining facilities and incidental facilities and
11 additions to the buildings and facilities.

12 b. The reconstruction, completion, equipment, improvement,
13 repair or remodeling of acquisitions specified in paragraph
14 a of this subsection.

15 c. The acquisition and improvement of property whether
16 real, personal, or mixed, by gift, purchase, lease,
17 condemnation, or otherwise for the purposes of this subsection.

18 3. "Institution" means an area school.

19 4. "Bonds or notes" means revenue bonds or revenue notes
20 issued under this division which are payable only from net
21 rents, profits, and income derived from the operation of
22 student residence halls and dormitories.

23 Sec. 3. NEW SECTION. AUTHORIZATION--CONTRACTS--TITLE.

24 Subject to this division, the board may carry out a project
25 at an institution, and may operate, control, maintain, and
26 manage student residence halls and dormitories, including
27 dining facilities and other incidental facilities, at an
28 institution. Contracts for the construction, reconstruction,
29 completion, equipment, improvement, repair, or remodeling
30 of buildings, additions, or facilities shall be let under
31 section twenty-three point eighteen (23.18) of the Code.

32 The title to real property acquired under this division and
33 the improvements erected on the real property shall be taken
34 and held in the name of the merged area.

35 The board may rent the rooms in the residence halls and

1 dormitories to the students and guests of the institution,
2 and shall adopt a schedule of charges for use of the residence
3 halls and dormitories, sufficient to insure payment of the
4 principal and interest on bonds or notes issued to pay a part
5 of the cost of the project, and refunding bonds or notes.

6 Sec. 4. NEW SECTION. BONDS OR NOTES. To pay all or a
7 part of the cost of a project, the board may borrow money,
8 issue and sell negotiable bonds or notes, and refund and
9 refinance bonds or notes or refunding bonds or notes issued
10 for a project, at a lower rate, the same rate, or a higher
11 rate of interest as often as the board finds it advisable
12 and necessary. Bonds or notes may be sold by the board at
13 public sale as prescribed by chapter seventy-five (75) of the
14 Code, but if the board finds it to be in the public interest,
15 bonds or notes may be sold by the board at private sale without
16 published notice and without regard to the requirements of
17 chapter seventy-five (75) of the Code, upon the terms
18 prescribed by the resolution authorizing the sale, but the
19 bonds or notes shall be sold at terms of not less than par
20 plus accrued interest. Bonds or notes issued to refund other
21 bonds and notes issued by the board for a project may either
22 be sold and the proceeds applied to the payment of obligations
23 being refunded, or the refunding bonds or notes may be
24 exchanged for and in payment and discharge of the obligations
25 being refunded. A finding by the board in the resolution
26 authorizing the issuance of refunding bonds or notes that
27 the bonds or notes being refunded were issued for a purpose
28 specified in this division and constitute binding obligations
29 of the board, is conclusive and may be relied upon by a holder
30 of a refunding bond or note. The refunding bonds or notes
31 may be sold or exchanged in installments at different times
32 or an entire issue may be sold or exchanged at one time.
33 An issue or series of refunding bonds or notes may be exchanged
34 in part or sold in parts in installments at different times
35 or at one time. The refunding bonds or notes may be sold

1 or exchanged at a time on, before, or after the maturity of
2 the outstanding bonds, notes or other obligations to be
3 refinanced, and may be issued for the purpose of refunding
4 a like or greater principal amount of bonds or notes, except
5 that the principal amount of the refunding bonds or notes
6 may exceed the principal amount of the bonds or notes to be
7 refunded to the extent necessary to pay the premium due on
8 the call of the bonds or notes to be refunded or to fund
9 interest in arrears or about to become due.

10 Bonds or notes are payable only from and shall be secured
11 by an irrevocable pledge of a sufficient portion of either
12 or both of the following:

13 1. The net rents, profits, and income derived from the
14 operation of completed projects financed in whole or in part
15 with the proceeds of the bonds or notes.

16 2. The net rents, profits, and income not pledged for
17 other purposes, derived from the operation of other residence
18 halls and dormitories, including dining facilities or other
19 incidental facilities, and additions at an institution operated
20 by the board.

21 Bonds or notes shall have the qualities of negotiable
22 instruments under the laws of this state.

23 Sec. 5. NEW SECTION. RATES AND TERMS OF BONDS OR NOTES.
24 As provided by the resolution of the board authorizing their
25 issuance, bonds or notes may bear dates, bear interest at
26 rates payable semiannually, mature at any time, carry
27 registration privileges, be payable at any place, be subject
28 to terms of redemption prior to maturity with or without
29 premium, if so stated on the face, and may contain other terms
30 and covenants. In addition to the estimated cost of
31 construction, the cost of the project includes interest upon
32 the bonds or notes during construction and for six months
33 after the estimated completion date, the compensation of a
34 fiscal agent or adviser, and engineering, administrative,
35 and legal expenses. Bonds or notes shall be executed by the

1 president of the board and attested by the secretary, and
2 the coupons attached shall be executed with the original or
3 facsimile signatures of the president and secretary. Bonds
4 or notes bearing signatures of officers in office on the date
5 of the signing are valid and binding for all purposes, even
6 though before delivery the persons whose signatures appear
7 have ceased to be officers. Each bond or note shall state
8 upon its face the official designation of the merged area,
9 the name and location of the institution, that it is payable
10 only from the net rents, profits, and income derived from
11 the operation of residence halls and dormitories, including
12 dining facilities and other incidental facilities, and that
13 it does not constitute a charge against the merged area or
14 the state of Iowa within the meaning or application of any
15 constitutional or statutory limitation or provision. The
16 issuance of bonds or notes shall be recorded in the office
17 of the treasurer of the merged area and a certificate of the
18 registration by the treasurer shall be printed on the back
19 of each bond or note.

20 Sec. 6. NEW SECTION. REFUNDING. Upon a determination
21 by a board to carry out a project or to refund outstanding
22 bonds or notes, the board shall adopt a resolution describing
23 the contemplated project and setting forth the estimated cost,
24 or describing the obligations to be refunded, fixing the
25 amount of bonds or notes to be issued, the maturities, the
26 interest rates and other necessary details. The resolution
27 shall state that taxes, appropriations, and other funds of
28 the merged area or of the state of Iowa shall not be pledged
29 for or used to pay the bonds or notes or the interest on the
30 bonds or notes, but bonds or notes are payable only as to
31 both principal and interest from the net rents, profits, and
32 income derived from the operation of student residence halls
33 and dormitories, including dining facilities and other
34 incidental facilities, at the institutions operated by the
35 board. The resolution shall contain covenants as determined

1 by the board as to the issuance of additional bonds or notes
2 that may thereafter be issued payable from net rents, profits,
3 and income of the residence halls and dormitories, including
4 dining facilities and other incidental facilities; the
5 amendment or modification of the resolution authorizing the
6 issuance of bonds or notes; the manner, terms, conditions,
7 and the amount or percentage of assenting bonds or notes
8 necessary to effectuate the amendment or modification; and
9 other covenants as necessary or desirable. In the discretion
10 of the board, bonds or notes may be secured by a trust
11 indenture between the board and a corporate trustee, which
12 may be a trust company or bank having the powers of a trust
13 company within or without the boundaries of the state of Iowa,
14 but a trust indenture shall not convey or mortgage the
15 buildings or facilities or a part of the buildings or
16 facilities. This division and a resolution or other
17 proceedings authorizing the issuance of bonds or notes and
18 providing for the establishment and maintenance of adequate
19 rates, fees, or rentals, and the application of the proceeds,
20 is a contract with the holders of bonds or notes.

21 Sec. 7. NEW SECTION. RATES, FEES AND RENTALS-PLEDGE.
22 When bonds or notes are issued by a board, the board shall
23 establish, impose, and collect rates, fees, and rentals for
24 the use of and services provided by the residence halls and
25 dormitories, including dining facilities and other incidental
26 facilities at the institution, and shall adjust rates, fees,
27 or rentals in order to provide net amounts sufficient to pay
28 the principal and interest on the bonds or notes as they
29 become due, and to maintain a reserve. The board may pledge
30 a sufficient amount of the net rents, profits, and income
31 derived from the operation of residence halls and dormitories,
32 including dining facilities and other incidental facilities
33 at the institution for that purpose. Rates, fees, or rentals
34 collected at student residence halls and dormitories, including
35 dining facilities and other incidental facilities, at one

1 location of the institution may be used to discharge bonds
2 or notes issued for student residence halls and dormitories,
3 including dining facilities and other incidental facilities,
4 at another location of the same institution.

5 Sec. 8. NEW SECTION. ACCOUNTS. A certified copy of each
6 resolution providing for the issuance of bonds or notes shall
7 be filed with the treasurer of the merged area and the
8 treasurer shall maintain separate accounts for each issue
9 of bonds or notes in accordance with the covenants and
10 directions set out in the resolution providing for the issuance
11 of the bonds or notes. Rates, fees, or rentals collected
12 for the use of and services provided by the residence halls
13 and dormitories, including dining facilities and other
14 incidental facilities, shall be held in trust by the treasurer
15 of the merged area, separate from all other funds, to be used
16 only for the purposes specified in this division and as
17 required and provided for by the proceedings of the board
18 authorizing the issuance of the bonds or notes. The treasurer
19 of the merged area shall disburse funds from the proper account
20 for the payment of the principal and interest on the bonds
21 or notes in accordance with the directions and covenants of
22 the resolution authorizing their issuance.

23 Sec. 9. NEW SECTION. NO OBLIGATION AGAINST AREA. Bonds
24 or notes are not a charge or general obligation against the
25 merged area or this state within a constitutional or statutory
26 provision. Taxes, appropriations, and other funds of the
27 merged area or of the state of Iowa shall not be pledged for
28 or used to pay the bonds or notes or the interest on the bonds
29 or notes, but bonds or notes are payable only as to both
30 principal and interest from the net rents, profits, and income
31 derived from the operation of residence halls and dormitories,
32 including dining facilities and other incidental facilities
33 at the institutions operated by the board, and the remedy
34 for any breach or default of the terms of the bonds or notes
35 or proceedings for their issuance is a proceeding either in

1 law or equity by suit, action, or mandamus to enforce and
2 compel performance of the duties required by this division
3 and the terms of the resolution under which bonds or notes
4 are issued.

5 Sec. 10. NEW SECTION. WHO MAY INVEST. Banks, trust
6 companies, bankers, savings banks and institutions, building
7 and loan associations, savings and loan associations,
8 investment companies, and other persons carrying on a banking
9 or investment business, insurance companies, insurance
10 associations, and other persons carrying on an insurance
11 business, and executors, administrators, guardians, trustees,
12 and other fiduciaries may legally invest sinking funds, moneys,
13 or other funds held by them or within their control in bonds
14 or notes. However, nothing contained in this section relieves
15 a person from exercising a duty of reasonable care in selecting
16 securities for purchase or investment.

17 Sec. 11. NEW SECTION. FEDERAL OR OTHER AID ACCEPTED.
18 A board, with the approval of the state board of public
19 instruction acting on the advice and recommendation of the
20 advisory committee, may apply for and accept federal aid or
21 nonfederal gifts or grants of funds and use them to pay any
22 part of the cost of carrying out a project under this division,
23 or to pay principal and interest on bonds or notes, if the
24 aid, gifts or grants were designated for such purposes when
25 applied for or accepted.

26 Sec. 12. NEW SECTION. ALTERNATIVE METHOD. This division
27 provides an alternative and independent method for carrying
28 out projects at an institution, for the issuance and sale
29 or exchange of bonds or notes, and for refunding bonds or
30 notes, without reference to any other statute, and is not
31 an amendment of or subject to the provisions of any other
32 law, and publication of notice, under section twenty-three
33 point twelve (23.12) of the Code or otherwise, and further
34 proceedings in respect to the issuance, sale or exchange of
35 bonds or notes, is not required except as prescribed by this

1 division.

2 Sec. 13. NEW SECTION. PRIOR ACTION LEGALIZED. All rights
3 acquired prior to the effective date of this Act in connection
4 with the financing of a project at an institution are
5 preserved, and all acts and proceedings taken by a board
6 preliminary to and in connection with the authorization and
7 issuance of any notes or other obligations issued and
8 outstanding prior to the effective date of this Act, in
9 connection with the financing of a project at an institution
10 are legalized, and the notes or obligations are legal and
11 constitute valid obligations of the merged area, according
12 to their terms and payable only from the sources referred
13 to in the notes or other obligations.

14 Sec. 14. NEW SECTION. APPROVAL BY STATE BOARD. A project
15 shall not be undertaken under this division until it has been
16 submitted to the state board of public instruction and the
17 state board has found, by resolution, that the proposed project
18 appears likely to implement the educational objectives of
19 the merged area, and that it appears probable that the proposed
20 project will be in the best educational interests of the
21 inhabitants of the merged area and of this state.

22 The state board shall not approve a project to provide
23 student dormitories in excess of twenty-five percent of the
24 full-time equivalent enrollment in vocational programs at
25 that location of the merged area school for the previous year.

26 In approving a project for the construction of buildings
27 for use as student dormitories, the state board shall consider
28 and be assured that:

29 1. Student demand for the dormitories exists and the
30 demand is adequate to generate sufficient revenue to pay the
31 principal and interest on the bonds or notes as they become
32 due and to maintain a reserve therefor.

33 2. Other suitable housing is not available at a reasonable
34 distance from the educational facilities of the institution.

35 Sec. 15. This Act becomes effective January first following

1 its enactment.

- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

SF 202
db/slc/26c