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SENATE FILE 2101
BY KIBBIE

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to permit boards of trustees of community colleges to
2 issue revenue bonds for certain capital projects.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2101

1 Section 1. Section 262A.1, Code 1989, is amended to read
2 as follows:

3 262A.1 DECLARATION OF INSUFFICIENT STATE REVENUE.

4 The general assembly hereby determines that the annual
5 revenues of the state are insufficient to finance the
6 immediate building requirements and other facilities and
7 utilities services requirements of the institutions of higher
8 learning under the jurisdiction of the state board of regents
9 and of the community colleges, and in order to provide these
10 buildings, facilities, and utilities services when they are
11 needed, it is necessary to authorize the issuance of revenue
12 bonds by ~~the-state-board-of-regents~~ these boards, subject to
13 the restrictions and limitations hereinafter set forth in this
14 chapter. It is the intent of the general assembly that
15 revenue bonds issued for academic and administrative buildings
16 and facilities and utilities services shall supplement and not
17 supplant legislative appropriations for the same or similar
18 purposes.

19 Sec. 2. Section 262A.2, subsections 1, 2, and 4, Code
20 1989, are amended to read as follows:

21 1. "Board" ~~shall-mean~~ means the state board of regents.
22 For purposes of this section and sections 262A.3 through
23 262A.6 and sections 262A.7 through 262A.14, "board" also means
24 a board of trustees of a community college.

25 2. "Institution" or "institutions" ~~shall-mean~~ means the
26 state ~~University~~ university of Iowa, the Iowa State-~~University~~
27 state university of science and technology, the ~~University~~
28 university of Northern ~~northern~~ Iowa, and any other
29 institution of higher learning under the jurisdiction of the
30 state board of regents which offers a college program of four
31 years or more, including any such institution the creation of
32 which is ~~hereafter~~ authorized by the general assembly or and
33 which is placed under the jurisdiction of ~~said~~ that board, or
34 a community college, as defined in section 280A.2.

35 4. "Project" ~~shall-mean~~ means the acquisition by gift,

1 purchase, lease, or construction of buildings and facilities
2 which are deemed necessary by the board of regents for the
3 proper performance of the instructional, research and service
4 functions of the institutions, and additions to buildings and
5 facilities, the reconstruction, completion, equipment,
6 improvement, repair or remodeling of buildings and facilities,
7 including the demolition of existing buildings and facilities
8 which are to be replaced, the acquisition of air rights and
9 the construction of projects thereon, and the acquisition of
10 property of every kind and description, whether real, personal
11 or mixed, for buildings and facilities by gift, purchase,
12 lease, condemnation or otherwise and the improvement of the
13 same, or any combination of the foregoing. For purposes of
14 the issuance of bonds by a community college, "project" means
15 the acquisition by gift, purchase, lease, or construction of
16 buildings and facilities which are deemed necessary by a board
17 of trustees of a community college for the purpose of
18 erecting, maintaining, completing, improving, repairing, or
19 remodeling dormitories, including the demolition of existing
20 buildings, the acquisition of air rights, and the acquisition
21 of property of every kind and description, whether real,
22 personal, or mixed, for the buildings and facilities by gift,
23 purchase, lease, condemnation, or other means.

24 Sec. 3. Section 262A.4, Code 1989, is amended to read as
25 follows:

26 262A.4 AUTHORIZATION OF GENERAL ASSEMBLY AND GOVERNOR.

27 Subject to and in accordance with ~~the provisions of~~ this
28 chapter, ~~the state~~ a board, ~~of regents~~ after authorization by
29 a constitutional majority of each house of the general
30 assembly and approval by the governor, may undertake and carry
31 out any a project as defined in this chapter at the
32 institutions ~~now or hereafter~~ under the jurisdiction of the
33 board. ~~The state~~ A board of regents is authorized to operate,
34 control, maintain, and manage buildings and facilities and
35 additions to such buildings and facilities at each of said the

1 institutions under the board's control. All contracts for the
2 construction, reconstruction, completion, equipment,
3 improvement, repair, or remodeling of any buildings,
4 additions, or facilities shall be let in accordance with the
5 ~~provisions of~~ section 262.34 or 280A.23, subsection 4, and
6 section 280A.25, subsection 6. The title to ~~all~~ real estate
7 acquired under ~~the provisions of~~ this chapter and the
8 improvements erected ~~thereon~~ on the real estate shall be taken
9 and held in the name of ~~the~~ this state ~~of Iowa~~.

10 Sec. 4. Section 262A.6, Code 1989, is amended to read as
11 follows:

12 262A.6 FORM AND CONDITION OF BONDS.

13 ~~Such~~ The bonds may bear such date or dates, may bear
14 interest at such rate or rates, payable semiannually, may
15 mature at such time or times, may be in such form and
16 denominations, may carry such registration privileges, may be
17 payable at such place or places, may be subject to such terms
18 of redemption prior to maturity with or without premium, if so
19 stated on the face ~~thereof~~ of the bonds, and may contain such
20 terms and covenants, including the establishment of reserves,
21 all as may be provided by the resolution of the board
22 authorizing the issuance of the bonds. In addition to the
23 estimated cost of construction, including site costs, the cost
24 of the project may include interest upon the bonds during
25 construction and for six months after the estimated completion
26 date, the compensation of a fiscal agent or adviser,
27 engineering, architectural, administrative and legal expenses
28 and provision for contingencies. ~~Such~~ The bonds shall be
29 executed by the president of the ~~state board of regents~~ and
30 attested by the executive secretary, secretary or other
31 official ~~thereof~~ performing the duties of secretary, and the
32 coupons ~~thereto~~ attached to the bonds shall be executed with
33 the original or facsimile signatures of ~~said~~ the president,
34 executive secretary, secretary or other official; provided,
35 however, that the facsimile signature of either of ~~such~~ the

1 officers executing such the bonds may be imprinted on the face
2 of the bonds in lieu of the manual signature of such the
3 officer, but at least one of the signatures appearing on the
4 face of each bond shall be a manual signature. Any bonds
5 bearing the signatures of officers in office on the date of
6 the signing thereof shall be valid and binding for all
7 purposes, notwithstanding that before delivery thereof of the
8 bonds any or all such persons whose signatures appear thereon
9 shall have ceased to be such officers. Each such bond shall
10 state upon its face the name of the institution on behalf of
11 which it is issued, that it is payable solely and only from
12 the student fees and charges and institutional income received
13 by such an institution as hereinbefore provided in this
14 section, and that it does not constitute a debt of or charge
15 against the state of Iowa within the meaning or application of
16 any constitutional or statutory limitation or provision. The
17 issuance of such the bonds shall be recorded in the office of
18 the treasurer of the institution on behalf of which the same
19 bonds are issued, and a certificate by such treasurer to this
20 effect shall be printed on the back of each such bond.

21 Sec. 5. Section 262A.7, Code 1989, is amended to read as
22 follows:

23 262A.7 RESOLUTION OF BOARD AND COVENANTS UNDERTAKEN.

24 Upon the a determination by ~~the-state~~ a board of ~~regents~~ to
25 undertake and carry out ~~any a~~ project or to refund outstanding
26 bonds, ~~said the~~ board shall adopt a resolution describing
27 generally the contemplated project and setting forth the
28 estimated cost thereof, or describing the obligations to be
29 refunded, fixing the amount of bonds to be issued, the
30 maturity or maturities, the interest rate or rates and all
31 details in respect thereof to the bonds. ~~Such~~ The resolution
32 shall contain such covenants as ~~may-be~~ determined by the board
33 as to the issuance of additional bonds that may thereafter be
34 issued payable from the student fees and charges and
35 institutional income received by the particular institution,

1 the amendment or modification of the resolution authorizing
2 the issuance of any bonds, the manner, terms, and conditions
3 and the amount or percentage of assenting bonds necessary to
4 effectuate such an amendment or modification, and such other
5 covenants ~~as may be~~ deemed necessary or desirable. In the
6 discretion of the board, any bonds issued under ~~the terms of~~
7 this chapter may be secured by a trust indenture by and
8 between the board and a corporate trustee, which may be any a
9 trust company or a bank having the powers of a trust company
10 within or without the boundaries of the this state of Iowa,
11 but ~~no such a~~ trust indenture shall not convey or mortgage the
12 buildings and facilities or any part ~~thereof of them~~. ~~The~~
13 ~~provisions of this~~ This chapter and ~~of any the~~ resolution or
14 other proceedings authorizing the issuance of bonds and
15 providing for the establishment and maintenance of adequate
16 student fees and charges and the application of the proceeds
17 ~~thereof of the bonds~~, together with institutional income,
18 ~~shall~~ constitute a contract with the holders of such the
19 bonds.

20 Sec. 6. Section 262A.8, Code 1989, is amended to read as
21 follows:

22 262A.8 STUDENT FEES TO PAY BONDS.

23 ~~Whenever~~ When bonds are issued by ~~the state a~~ board of
24 ~~regents, it shall be the duty of said the~~ board to shall
25 establish, impose, and collect student fees and charges at the
26 institution on behalf of which such the bonds are issued, and
27 to adjust such student fees and charges from time to time, in
28 order always to provide amounts which, together with the
29 institutional income, ~~will be~~ are sufficient to pay the
30 principal of and interest on such the bonds as ~~the same they~~
31 become due and to maintain a reserve therefor, and ~~said the~~
32 board is authorized to pledge a sufficient amount of the
33 student fees and charges and institutional income received by
34 such the institution for this purpose. Student fees and
35 charges and institutional income received by one institution

1 shall not be used to discharge bonds issued for or on account
2 of another institution. All bonds issued under the terms of
3 this chapter ~~shall be~~ are exempt from taxation by ~~the~~ this
4 state ~~of Iowa~~ and the interest ~~thereon shall be~~ earned on the
5 bonds is exempt from the state income tax.

6 Sec. 7. Section 262A.10, Code 1989, is amended to read as
7 follows:

8 262A.10 BONDS NOT STATE OBLIGATION.

9 Under no circumstances shall any bonds issued under the
10 terms of this chapter be or become or be construed to
11 constitute a debt of or a charge against the state of Iowa
12 within the purview of any constitutional or statutory
13 limitation or provision. No taxes, appropriations, or other
14 funds of the state of Iowa may be pledged for or used to pay
15 such bonds or the interest thereon but any such bonds shall be
16 payable solely and only as to both principal and interest from
17 the student fees and charges and institutional income received
18 by the institutions of higher learning under the control of
19 ~~the state~~ a board of regents as provided in this chapter, and
20 the sole remedy for any breach or default of the terms of any
21 such bonds or proceedings for their issuance shall be a
22 proceeding either in law or in equity by suit, action, or
23 mandamus to enforce and compel performance of the duties
24 required by this chapter and the terms of the resolution under
25 which such bonds are issued.

26 Sec. 8. Section 262A.12, Code 1989, is amended to read as
27 follows:

28 262A.12 APPLICATION FOR GIFTS, LOANS, OR GRANTS.

29 The ~~state board of regents~~ is authorized to apply for and
30 accept federal or nonfederal gifts, loans, or grants of funds
31 and to use the ~~same moneys~~ same moneys to pay all or any part of the cost
32 of carrying out ~~any a~~ a project at any institution under the
33 ~~terms of~~ this chapter or to use the ~~same moneys~~ same moneys, together with
34 student fees and charges and institutional income, for the
35 payment of debt service on bonds issued and to be issued by

1 the board pursuant to ~~authority-contained-in~~ this chapter, in
2 ~~such the~~ manner ~~as-may-be~~ provided in the resolution
3 authorizing the issuance of the bonds, which grants of funds
4 or other aid shall be considered to constitute and may be
5 commingled with student fees and charges and institutional
6 income and may, together with ~~such~~ student fees and charges
7 and institutional income, be pledged by the board, in
8 accordance with ~~the-provisions-of~~ this chapter and the bond
9 resolution, to the payment of debt service on bonds issued by
10 the board under ~~the-authority-contained-in~~ this chapter.

11 Sec. 9. Section 262A.13, Code 1989, is amended to read as
12 follows:

13 262A.13 REPORTS TO GENERAL ASSEMBLY.

14 ~~The-state~~ A board of ~~regents~~ shall determine, in
15 consultation with the legislative fiscal bureau, the financial
16 information to be included in line item budget information for
17 projects funded by the issuance of bonds or ~~notes~~ under this
18 chapter and shall submit the line item budget information to
19 the general assembly as requested. ~~The-state~~ A board of
20 ~~regents~~ shall submit quarterly reports to the general assembly
21 concerning the projects funded by the issuance of bonds or
22 ~~notes~~ under this chapter as follows:

23 1. Identification of both undercharges and overcharges for
24 line items of projects.

25 2. Identification of contracts in which any a line item
26 for a project exceeds the adopted budget for that line item by
27 ten percent or more.

28 3. Identification of complaints received by an institution
29 regarding the construction of a project.

30 If ~~the-state~~ a board of ~~regents~~ approves a change in the
31 amount of the line item of a budget for a project, the change
32 shall be transmitted to the appropriations committees of the
33 house of representatives and senate, while the general
34 assembly is in session, and to the legislative council, when
35 the general assembly is not in session, for review.

1 Sec. 10. Section 262A.14, Code 1989, is amended to read as
2 follows:

3 262A.14 ALTERNATIVE AND INDEPENDENT METHOD.

4 This chapter ~~shall be construed as providing~~ provides an
5 alternative and independent method for carrying out any a
6 project at any an institution of higher learning under the
7 control of ~~the state~~ a board ~~of regents~~, for the issuance and
8 sale or exchange of bonds in connection ~~therewith~~ with a
9 project and for refunding bonds pertinent ~~thereto~~ to the
10 project, without reference to any other statute, and ~~shall is~~
11 ~~not be construed as~~ an amendment of or subject to the
12 ~~provisions of~~ any other law, and no publication of any notice,
13 ~~whether~~ under section 23.12 or otherwise, and no other or
14 further proceedings in respect to the issuance or sale or
15 exchange of bonds under this chapter shall be required except
16 ~~such as are prescribed by this chapter, any provisions of~~
17 ~~other statutes of the state to the contrary notwithstanding.~~

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EXPLANATION

19 This bill permits boards of trustees of community colleges
20 to issue revenue bonds for dormitory projects in the same
21 manner as the state board of regents issues revenue bonds for
22 its capital projects.

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