

3-12-97 W. & memo
4-8-97 Do Pass

FILED MAR 12 1997
H-4-21-97 W. & memo
H-4-24-97 Do Pass

SENATE FILE 410
BY TINSMAN

(COMPANION TO LSB 2551HH BY
RANTS)

Passed Senate, Date 4/21/97 (p. 1284) Passed House, Date 4/28/97 (p. 1630)
Vote: Ayes 46 Nays 0 Vote: Ayes 97 Nays 0
Approved May 26, 1997

A BILL FOR

1 An Act relating to the Iowa higher education loan authority by
2 eliminating the limit on the amount of its obligations that
3 may be outstanding for purposes of funding capital projects
4 and allowing the authority to issue tuition anticipation notes
5 and obligations to finance projects to be leased to an
6 institution.

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

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S.F. 410

1 Section 1. Section 261A.34, subsection 3, Code 1997, is
2 amended to read as follows:

3 3. "Project" means any property located within the state,
4 constructed or acquired before or after July 1, 1985 that may
5 be used or will be useful in connection with the instruction,
6 feeding, or recreation of students, the conducting of
7 research, administration, or other work of an institution, or
8 any combination of the foregoing. "Project" includes, but is
9 not limited to, any academic facility, administrative
10 facility, assembly hall, athletic facility, instructional
11 facility, laboratory, library, maintenance facility, student
12 health facility, recreational facility, research facility,
13 student union, or other facility suitable for the use of an
14 institution. "Project" also means the refunding or
15 refinancing of outstanding obligations, mortgages, or
16 advances, including advances from an endowment or similar
17 fund, originally issued, made, or given by the institution to
18 finance the cost of a project. "Project" also includes a
19 project that is to be leased by the authority to an
20 institution.

21 Sec. 2. Section 261A.36, Code 1997, is amended to read as
22 follows:

23 261A.36 ISSUANCE OF OBLIGATIONS.

24 The authority may issue obligations of the authority for
25 any of its corporate purposes as provided for in this division
26 including the issuing of obligations to finance projects to be
27 leased by the authority to an institution, and fund or refund
28 the obligations pursuant to this division.

29 Sec. 3. Section 261A.37, Code 1997, is amended to read as
30 follows:

31 261A.37 LOANS AUTHORIZED.

32 The authority may make loans to an institution for the cost
33 of a project or in anticipation of the receipt of tuition by
34 the institution in accordance with an agreement between the
35 authority and the institution, except that a loan for the cost

1 of a project shall not exceed the total cost of the project,
2 as determined by the institution and approved by the authority
3 and except that loans in anticipation of the receipt of
4 tuition shall not exceed the anticipated amount of tuition to
5 be received by the institution in the one-year period
6 following the date of the loan. The authority may lease
7 projects to institutions under the terms of lease agreements
8 determined by the institution and the authority, except that
9 the term of the lease shall not exceed the estimated useful
10 economic life of the project.

11 Sec. 4. Section 261A.38, Code 1997, is amended to read as
12 follows:

13 261A.38 ISSUANCE OF OBLIGATIONS -- CONDITIONS.

14 The authority may issue obligations and make loans to an
15 institution or may issue obligations to finance projects to be
16 leased by the authority to an institution and refund,
17 refinance or reimburse outstanding obligations, indebtedness,
18 mortgages, or advances, including advances from an endowment
19 or any similar fund, issued, made, or given by the
20 institution, whether before or after July 1, 1985, for the
21 cost of a project, when the authority finds that the financing
22 prescribed in this section is in the public interest, and
23 either alleviates a financial hardship upon the institution,
24 results in a lesser cost of education, or enables the
25 institution to offer greater security for a loan or loans to
26 finance a new project or projects or to effect savings in
27 interest costs or more favorable amortization terms.

28 Sec. 5. Section 261A.42, unnumbered paragraph 1, Code
29 1997, is amended to read as follows:

30 The authority may provide by resolution for the issuance of
31 obligations for the purpose of paying, refinancing, or
32 reimbursing all or part of the cost of a project. The
33 authority shall not have outstanding at any one time
34 obligations issued pursuant to this division in an aggregate
35 principal amount exceeding one hundred fifty million dollars.

1 Except to the extent payable from payments to be made on
 2 federally guaranteed securities as provided in section
 3 261A.45, the principal of and the interest on the obligations
 4 shall be payable solely out of the revenue of the authority
 5 derived from the project to which they relate and from other
 6 facilities pledged or made available for this purpose by the
 7 institution for whose benefit the obligations were issued.
 8 The obligations of each issue shall be dated, shall bear
 9 interest at rate or rates, without regard to any limit
 10 contained in any other statute or law of the state, and shall
 11 mature at times not exceeding forty years from the date of
 12 issuance, all as determined by the authority; and may be made
 13 redeemable before maturity at the prices and under terms fixed
 14 by the authority in the authorizing resolution.

EXPLANATION

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 16 The bill eliminates the maximum amount of bonds which the
 17 Iowa higher education loan authority may have outstanding to
 18 finance improvements at private colleges. The bill would also
 19 permit the authority to issue its obligations and make loans
 20 to institutions in anticipation of the receipt of tuition by
 21 the institutions and would permit the authority to issue its
 22 obligations to finance projects which would be leased to
 23 institutions.

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SENATE FILE 410

AN ACT

RELATING TO THE IOWA HIGHER EDUCATION LOAN AUTHORITY BY
ELIMINATING THE LIMIT ON THE AMOUNT OF ITS OBLIGATIONS
THAT MAY BE OUTSTANDING FOR PURPOSES OF FUNDING CAPITAL
PROJECTS AND ALLOWING THE AUTHORITY TO ISSUE TUITION
ANTICIPATION NOTES AND OBLIGATIONS TO FINANCE PROJECTS
TO BE LEASED TO AN INSTITUTION.

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

Section 1. Section 261A.34, subsection 3, Code 1997, is amended to read as follows:

3. "Project" means any property located within the state, constructed or acquired before or after July 1, 1985 that may be used or will be useful in connection with the instruction, feeding, or recreation of students, the conducting of research, administration, or other work of an institution, or any combination of the foregoing. "Project" includes, but is not limited to, any academic facility, administrative facility, assembly hall, athletic facility, instructional facility, laboratory, library, maintenance facility, student

health facility, recreational facility, research facility, student union, or other facility suitable for the use of an institution. "Project" also means the refunding or refinancing of outstanding obligations, mortgages, or advances, including advances from an endowment or similar fund, originally issued, made, or given by the institution to finance the cost of a project. "Project" also includes a project that is to be leased by the authority to an institution.

Sec. 2. Section 261A.36, Code 1997, is amended to read as follows:

261A.36 ISSUANCE OF OBLIGATIONS.

The authority may issue obligations of the authority for any of its corporate purposes as provided for in this division including the issuing of obligations to finance projects to be leased by the authority to an institution, and fund or refund the obligations pursuant to this division.

Sec. 3. Section 261A.37, Code 1997, is amended to read as follows:

261A.37 LOANS AUTHORIZED.

The authority may make loans to an institution for the cost of a project or in anticipation of the receipt of tuition by the institution in accordance with an agreement between the authority and the institution, except that a loan for the cost of a project shall not exceed the total cost of the project, as determined by the institution and approved by the authority and except that loans in anticipation of the receipt of tuition shall not exceed the anticipated amount of tuition to be received by the institution in the one-year period following the date of the loan. The authority may lease projects to institutions under the terms of lease agreements determined by the institution and the authority, except that the term of the lease shall not exceed the estimated useful economic life of the project.

Sec. 4. Section 261A.38, Code 1997, is amended to read as follows:

261A.38 ISSUANCE OF OBLIGATIONS -- CONDITIONS.

The authority may issue obligations and make loans to an institution or may issue obligations to finance projects to be leased by the authority to an institution and refund, refinance or reimburse outstanding obligations, indebtedness, mortgages, or advances, including advances from an endowment or any similar fund, issued, made, or given by the institution, whether before or after July 1, 1985, for the cost of a project, when the authority finds that the financing prescribed in this section is in the public interest, and either alleviates a financial hardship upon the institution, results in a lesser cost of education, or enables the institution to offer greater security for a loan or loans to finance a new project or projects or to effect savings in interest costs or more favorable amortization terms.

Sec. 5. Section 261A.42, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The authority may provide by resolution for the issuance of obligations for the purpose of paying, refinancing, or reimbursing all or part of the cost of a project. ~~The authority shall not have outstanding at any one time obligations issued pursuant to this division in an aggregate principal amount exceeding one hundred fifty million dollars.~~ Except to the extent payable from payments to be made on federally guaranteed securities as provided in section 261A.45, the principal of and the interest on the obligations shall be payable solely out of the revenue of the authority derived from the project to which they relate and from other facilities pledged or made available for this purpose by the institution for whose benefit the obligations were issued. The obligations of each issue shall be dated, shall bear interest at rate or rates, without regard to any limit contained in any other statute or law of the state, and shall

mature at times not exceeding forty years from the date of issuance, all as determined by the authority; and may be made redeemable before maturity at the prices and under terms fixed by the authority in the authorizing resolution.

MARY E. KRAMER
President of the Senate

RON J. CORSETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 410, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate

Approved May 26, 1997

TERRY E. BRANSTAD
Governor