

12.89 Revenue bonds debt service fund and bond reserve funds.

1. A revenue bonds debt service fund is created and established as a separate and distinct fund in the state treasury. The treasurer of state shall act as custodian of the fund and disburse moneys contained in the fund. The moneys in such fund are appropriated and shall be used for the purpose of making all payments with respect to bonds issued and sold pursuant to section 12.87, including but not limited to the following:

a. Principal payments, interest payments, sinking fund payments, purchase price, redemption price, redemption premiums, and interest rate exchange payments.

b. Fees and expenses of trustees, paying agents, remarketing agents, financial advisors, underwriters, depositories, guarantors, bond insurers, liquidity or credit facility providers, interest rate indexing agents, and other professional services providers.

c. Costs and expenses of the treasurer of state incident to and necessary and convenient to carry out the issuance and sale of the bonds and the administration of the revenue bonds.

2. Moneys in the revenue bonds debt service fund shall include but are not limited to the following, which shall be deposited with the treasurer of state or the treasurer of state's designee as provided in any bond or security documents and credited to the fund:

a. The proceeds of bonds to the extent provided in the trust indenture, resolution, or other instrument authorizing their issuance and investment earnings on the proceeds.

b. The revenues required to be deposited into the fund pursuant to section 8.57, subsection 6, paragraph "e", subparagraphs (1) and (2).

c. Transfers from any bond reserve fund created pursuant to this section.

d. Federal subsidies and any transfers from the revenue bonds federal subsidy holdback fund created pursuant to section 12.89A.

e. Interest attributable to investment of moneys in the fund or an account of the fund.

f. Any other moneys from any other sources which may be legally available to the treasurer of state for the purpose of the fund.

3. a. The treasurer of state may create and establish one or more special funds, to be known as bond reserve funds, to secure one or more issues of bonds issued and sold pursuant to section 12.87. The treasurer of state shall pay into each bond reserve fund any moneys appropriated and made available for the purpose of the fund, any proceeds of sale of bonds to the extent provided in the trust indenture, resolution, or other instrument authorizing their issuance, and any other moneys which may be legally available to the treasurer of state for the purpose of the fund from any other sources. All moneys held in a bond reserve fund shall be used or transferred to the revenue bonds debt service fund to be used as required solely to make the payments authorized to be made from such fund pursuant to subsection 1.

b. Moneys in a bond reserve fund shall not be transferred or withdrawn from the fund at any time in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, as provided in this subsection, except for the purpose of making, with respect to bonds secured in whole or in part by the fund, the payments authorized to be made from such fund pursuant to subsection 1 for the payment of which sufficient moneys in the revenue bonds debt service fund are not available. Any income or interest earned by, or incremental to, a bond reserve fund due to the investment of moneys in the bond reserve fund may be transferred by the treasurer of state to other funds or accounts to the extent the transfer does not reduce the amount of that bond reserve fund below the established bond reserve fund requirement.

c. The treasurer of state shall not at any time issue and sell bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the bonds, the amount in the bond reserve fund will be less than the bond reserve fund requirement for the fund, unless the treasurer of state at the time of issuance of the bonds deposits in the fund from the proceeds of the bonds issued or from other legally available sources an amount which, together with the amount then in the fund, will not be less than the bond reserve fund requirement for the fund. For the purposes of this subsection, the term "*bond reserve fund requirement*" means, as of any particular date of computation, an amount of moneys, as provided in the trust indenture, resolution, or other instrument authorizing the bonds with respect to which the fund is established.

d. To assure the continued solvency of any bonds secured by a bond reserve fund,

provision is made in paragraph “c” for the accumulation in each bond reserve fund of an amount equal to the bond reserve fund requirement for the fund. In order further to assure maintenance of the bond reserve funds, the treasurer of state shall, on or before January 1 of each calendar year, make and deliver to the governor and to both houses of the general assembly the treasurer of state’s certificate stating the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund and requesting that the budget and appropriation bills approved for such fiscal year include amounts sufficient to restore each bond reserve fund to the bond reserve fund requirement for such fund. Within thirty days after the beginning of the session of the general assembly next following the delivery of the certificate, the governor may submit to both houses printed copies of a budget including the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Any sums appropriated by the general assembly and paid to the treasurer of state pursuant to this subsection shall be deposited by the treasurer of state in the applicable bond reserve fund.

4. Except as otherwise provided in this section, the moneys on deposit in the revenue bonds debt service fund or any bond reserve fund relating to bonds issued pursuant to section 12.87 shall be held for the sole benefit of the bonds and shall not be pledged or used for the benefit of any bonds issued by the treasurer of state pursuant to any other section of the Code.

5. Moneys in the revenue bonds debt service fund and any bond reserve fund created pursuant to this section are not subject to section 8.33; provided however, that on August 31 following the close of each fiscal year, any moneys on deposit in the revenue bonds debt service fund at the end of such fiscal year, which is determined by the treasurer of state to not be encumbered or obligated or otherwise necessary to make the payments for such fiscal year authorized to be made from such fund pursuant to subsection 1, shall be credited to the rebuild Iowa infrastructure fund. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys in the revenue bonds debt service fund and any bond reserve fund shall be credited to such funds.

2009 Acts, ch 173, §3, 36; 2010 Acts, ch 1184, §80

Subsection 2, NEW paragraph d and former paragraphs d and e redesignated as e and f