384.68 Bonds issued.

1. After certification of the final assessment schedule, the city may, by resolution, authorize and issue bonds in anticipation of the collection of unpaid special assessments. However, the total principal amount of bonds issued for a public improvement may not exceed the total amount of unpaid special assessments less the proportionate unpaid amount assessed for the default fund.

2. All special assessment bonds are negotiable, must state on their face that they are issued under the provisions of this division, and are payable as to both principal and interest from the proceeds of the special assessments levied for the public improvement. Such bonds may bear interest at a rate not exceeding that permitted by chapter 74A payable annually or semiannually, must mature serially on December 1 of the years in which any of the principal is scheduled to become due, and may contain a provision that the city reserves the right and option of calling and redeeming any or all of the bonds prior to maturity on any interest payment date or within forty-five days thereafter upon the terms specified therein. Such bonds must be called "improvement bonds", must designate the general type of improvement or improvements for which issued, and may be issued in any denomination, not exceeding ten thousand dollars. Bonds issued for a public improvement authorized in section 384.38, subsection 2, must be named in a way to distinguish them from other improvement bonds of the city, and to designate the property specially assessed for the improvement. Improvement bonds issued for any one levy must bear the same date and be divided into as many series as there are years in which installments of the special assessment mature, and each series must be as nearly equal in amount as practicable.

3. The proceeds of the special assessments and interest collected thereon must be used and applied by the city to the payment of the interest on the bonds and to the retirement of the principal as rapidly as proceeds are collected. Such bonds and coupons do not make the city liable in any way, except for the proper application of special assessments. If interest becomes due on any of the bonds when there is no fund or funds from which to pay it, the council may make a temporary loan for payment of the interest, which loan must be repaid from the special assessments and interest pledged to secure the bonds, but in case of purchase by the city at tax sale of the property on which a special assessment is levied, the loan must be repaid from the funds of the city from which deficiencies on the improvement were paid, or if there were no deficiencies, from the general fund.

4. Special assessment bonds must be sold at public or private sale in the manner provided by chapter 75, and may not be sold for less than par value with accrued interest from date to the time of delivery, or if no bids are received at public sale, bonds bearing the same rate of interest as the special assessment may be delivered to the contractor in payment of the cost of the public improvement. The proceeds of the sale must be applied to the payment of the cost of the public improvement.

5. Any excess of proceeds from special assessments remaining after all of the bonds for a particular improvement have been paid with interest may be credited to the fund from which deficiencies for the improvement could have been paid. However, any excess in a default fund established for a public improvement authorized in section 384.38, subsection 2, shall be held by the city in a special fund to guarantee other improvement bonds which may be issued by the city for public improvements authorized under that section.

6. Cities may issue refunding bonds to pay off and take up special assessment bonds issued in payment for public improvements, or to refund any part thereof, as follows:

a. Refunding bonds must substantially conform to the provisions of this division, and the face value is limited to the amount of the unpaid special assessments with the interest thereon of the particular issue of bonds to be refunded.

b. Refunding bonds or their proceeds may be used only to pay improvement bonds taken up.

c. The expense of refunding bonds must be paid out of the funds of the city from which the cost of similar improvements might lawfully be paid.

d. When refunding bonds are issued to pay improvement bonds, all special assessments and sinking funds applicable to the payment of the improvement bonds previously issued must be applied in the same manner and to the same extent to the payment of the refunding bonds, and all the powers and duties to levy and to carry special assessments and taxes, to create liens upon property, and to establish sinking funds in respect to the bonds previously issued continue until refunding bonds are paid.

e. The city shall collect the special assessment out of which the refunding bonds are payable and hold the proceeds in trust for the payment of the refunding bonds, but it is not liable except for the proper application of the assessments.

7. No action shall be brought questioning the legality of the bonds authorized by this section from and after sixty days from the date the bonds are ordered issued by the city.

[C97, §842, 843, 845, 847, 987; C24, §6109 – 6113, 6117, 6118, 6121 – 6124, 6925, 6932; C27, §5942-b3, 6066-a11, 6109 – 6113, 6117, 6118, 6121 – 6124, 6126-a1 – a6, 6925, 6932; C31, 35, §5942-b3, 6066-a11, 6109 – 6113, 6117, 6118, 6121 – 6124, 6126-a1 – a6, 6610-c65, -c66, 6925, 6932; C39, §**5942.3, 6066.13, 6109 – 6113, 6117, 6118, 6121 – 6124, 6126.1 – 6126.6, 6610.71, 6610.72, 6925, 6932;** C46, §389.7, 392.11, 396.6 – 396.10, 396.14, 396.15, 396.18 – 396.21, 396.24 – 396.29, 417.68, 417.69, 420.278, 420.285; C50, §389.7, 391A.30, 392.11, 396.6 – 396.10, 396.14, 396.15, 396.18 – 396.21, 396.24 – 396.29, 417.68, 417.69, 420.278, 420.285; C54, 58, 62, 66, 71, 73, §389.7, 391A.33, 392.11, 396.6 – 396.10, 396.14, 396.15, 396.18 – 396.21, 396.24 – 396.29, 417.68, 417.69, 420.278, 420.285; C75, 77, 79, 81, §384.68]

Referred to in §357E.11A