

419.3 Bonds as limited obligations.

1. All bonds issued by a municipality, under the authority of this chapter, shall be limited obligations of the municipality. The principal of and interest on such bonds shall be payable solely out of the revenues derived from the project to be financed by the bonds so issued under the provisions of this chapter including debt obligations of the lessee or contracting party obtained from or in connection with the financing of a project. Bonds and interest coupons issued under authority of this chapter shall never constitute an indebtedness of the municipality, within the meaning of any state constitutional provision or statutory limitation, and shall not constitute nor give rise to a pecuniary liability of the municipality or a charge against its general credit or taxing powers. Such limitation shall be plainly stated on the face of each such bond.

2. The bonds referred to in subsection 1 of this section may be executed and delivered at any time and from time to time; be in such form and denominations; without limitation as to the denomination of any bond, any other law to the contrary notwithstanding; be of such tenor; be fully registered, registrable as to principal or in bearer form; be transferable; be payable in such installments and at such time or times, not exceeding thirty years from their date; be payable at such place or places in or out of the state of Iowa; bear interest at such rate or rates, payable at such place or places in or out of the state of Iowa; be evidenced in such manner and may contain other provisions not inconsistent with this chapter; all as shall be provided in the proceedings of the governing body where the bonds are authorized to be issued. The governing body may provide for the exchange of coupon bonds for fully registered bonds and of fully registered bonds for coupon bonds and for the exchange of any such bonds after issuance for bonds of larger or smaller denominations, all in the manner as may be provided in the proceedings authorizing their issuance, provided the bonds in changed form or denominations shall be exchanged for the surrendered bonds in the same aggregate principal amounts and in such manner that no overlapping interest is paid, and the bonds in changed form or denominations shall bear interest at the same rate or rates and shall mature on the same date or dates as the bonds for which they are exchanged. If an exchange is made under this section, the bonds surrendered by the holders at the time of the exchange shall be canceled or held by a trustee for subsequent exchanges in accordance with this section. The exchange shall be made only at the request of the holders of the bonds to be surrendered, and the governing body may require all expenses incurred in connection with the exchange to be paid by the holders. If any of the officers whose signatures appear on the bonds or coupons cease to be officers before the delivery of the bonds, such signatures are, nevertheless, valid and sufficient for all purposes, the same as if the officers had remained in office until delivery.

3. Unless otherwise provided in the proceedings of the governing body whereunder the bonds are authorized to be issued, bonds issued under the provisions of this chapter shall be subject to the general provisions of law, presently existing or that may hereafter be enacted, respecting the execution and delivery of the bonds of a municipality and respecting the retaining of options of redemption in proceedings authorizing the issuance of municipal securities.

4. Any bonds, issued under the authority of this chapter, may be sold at public sale in such manner, at such price and at such time or times as may be determined by the governing body to be most advantageous. The municipality may pay all expenses, premiums and commissions which the governing body may deem necessary or advantageous in connection with the authorization, sale and issuance thereof.

5. All bonds, issued under the authority of this chapter and all interest coupons applicable thereto, shall be construed to be negotiable instruments, even though they are payable solely from a specified source.

[C66, 71, 73, 75, 77, 79, 81, §419.3]

83 Acts, ch 90, §28

Referred to in §419.6