

16.26 Bonds and notes.

1. The authority may issue its negotiable bonds and notes in principal amounts as, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. The bonds and notes shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code, [chapter 554](#).

2. Bonds and notes issued by the authority are payable solely and only out of the moneys, assets, or revenues of the authority, and as provided in the agreement with bondholders or noteholders pledging any particular moneys, assets, or revenues. Bonds or notes are not an obligation of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are special obligations of the authority payable solely and only from the sources provided in [this chapter](#), and the authority may not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority, or make its debts payable out of any moneys except those of the authority.

3. Bonds and notes must be authorized by a resolution of the authority. However, a resolution authorizing the issuance of bonds or notes may delegate to an officer of the authority the power to negotiate and fix the details of an issue of bonds or notes by an appropriate certificate of the authorized officer.

4. Bonds shall:

a. State the date and series of the issue, and state that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limit.

b. Be either registered, registered as to principal only, or in coupon form, issued in denominations as the authority prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the authority with the manual or facsimile signature of the chairperson or vice chairperson, attested by the manual or facsimile signature of the secretary, have impressed or imprinted thereon the seal of the authority or a facsimile of it, and the coupons attached shall be signed with the facsimile signature of the chairperson or vice chairperson, be payable as to interest at rates and at times as the authority determines, be payable as to principal at times over a period not to exceed fifty years from the date of issuance, at places, and with reserved rights of prior redemption, as the authority prescribes, be sold at prices, at public or private sale, and in a manner as the authority prescribes, and the authority may pay all expenses, premiums, and commissions which it deems necessary or advantageous in connection with the issuance and sale, and be issued under and subject to the terms, conditions, and covenants providing for the payment of the principal, redemption premiums, if any, interest, and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with [this chapter](#), as are found to be necessary by the authority for the most advantageous sale, which may include, but are not limited to, covenants with the holders of the bonds as to:

(1) Pledging or creating a lien, to the extent provided by the resolution, on moneys or property of the authority or moneys held in trust or otherwise by others to secure the payment of the bonds.

(2) Providing for the custody, collection, securing, investment, and payment of any moneys of or due to the authority.

(3) The setting aside of reserves or sinking funds and the regulation or disposition of them.

(4) Limitations on the purpose to which the proceeds of sale of an issue of bonds then or thereafter to be issued may be applied.

(5) Limitations on the issuance of additional bonds and on the refunding of outstanding or other bonds.

(6) The procedure by which the terms of a contract with the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which consent may be given.

(7) The creation of special funds into which moneys of the authority may be deposited.

(8) Vesting in a trustee properties, rights, powers, and duties in trust as the authority determines, which may include the rights, powers, and duties of the trustee appointed for the holders of any issue of bonds pursuant to [section 16.28](#), in which event the provisions of that section authorizing appointment of a trustee by the holders of bonds shall not apply, or limiting or abrogating the right of the holders of bonds to appoint a trustee under that section, or limiting the rights, duties, and powers of the trustee.

(9) Defining the acts or omissions which constitute a default in the obligations and duties of the authority and providing for the rights and remedies of the holders of bonds in the event of a default. However, rights and remedies shall be consistent with the laws of this state and other provisions of [this chapter](#).

(10) Any other matters which affect the security and protection of the bonds and the rights of the holders.

5. The authority may issue its bonds for the purpose of refunding any bonds or notes then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of [this chapter](#). The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding bonds shall be issued and secured and subject to the provisions of [this chapter](#) in the same manner and to the same extent as other bonds issued pursuant to [this chapter](#).

6. The authority may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Bond anticipation notes are payable from any available moneys of the authority not otherwise pledged, or from the proceeds of the sale of bonds of the authority in anticipation of which the bond anticipation notes were issued. Bond anticipation notes may be issued for any corporate purpose of the authority. Bond anticipation notes shall be issued in the same manner as bonds and notes, and the resolution authorizing them may contain any provisions, conditions, or limitations, not inconsistent with the provisions of [this subsection](#), which the bonds or a bond resolution of the authority may contain. Bond anticipation notes may be sold at public or private sale. In case of default on its bond anticipation notes or violation of any obligations of the authority to the noteholders, the noteholders shall have all the remedies provided in [this chapter](#) for bondholders. Bond anticipation notes shall be as fully negotiable as bonds of the authority.

7. A pledge made in respect of bonds or notes shall be valid and binding from the time the pledge is made. The moneys or property so pledged and received after the pledge by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority whether or not the parties have notice of the lien. Neither the resolution, trust agreement, nor any other instrument by which a pledge is created needs to be recorded or filed under the Iowa uniform commercial code, [chapter 554](#), to be valid, binding, or effective against the parties.

8. Neither the members of the authority nor any person executing its bonds, notes, or other obligations shall be liable personally on the bonds, notes, or other obligations or be subject to any personal liability or accountability by reason of the issuance of the authority's bonds or notes.

9. The authority may make or participate in the making of loans to housing sponsors to provide interim construction financing for the construction or rehabilitation of adequate housing for low or moderate income persons or families, elderly persons or families, and persons or families which include one or more persons with disabilities, and of

noninstitutional residential care facilities. An interim construction loan may be made under [this section](#) only if the loan is the subject of a commitment from an agency or instrumentality of the United States government or from the authority, to provide long-term financing for the mortgage loan, and interim construction advances made under the interim construction loan will be insured or guaranteed by an agency or instrumentality of the United States government.

10. In connection with any financing which involves an out-of-state issuer issuing bonds, notes, or other obligations for facilities located in the state, the authority is designated as the only governmental unit in the state that may conduct the public hearing required by section 147(f) of the federal Internal Revenue Code, as defined in [section 422.3](#), and the governor of Iowa is designated as the applicable elected representative pursuant to section 147(f) of the federal Internal Revenue Code, as defined in [section 422.3](#).

[C77, 79, 81, §220.26; [82 Acts, ch 1173, §3](#)]

[83 Acts, ch 124, §4](#); [84 Acts, ch 1281, §7](#); [85 Acts, ch 225, §2](#)

C93, §16.26

[96 Acts, ch 1129, §113](#); [2000 Acts, ch 1149, §161, 187](#); [2005 Acts, ch 3, §12](#); [2014 Acts, ch 1080, §30, 31, 78](#); [2015 Acts, ch 30, §19](#); [2016 Acts, ch 1014, §3](#); [2017 Acts, ch 33, §1](#)

Referred to in [§173.14B](#)

Subsection 7 stricken and rewritten