



January 15, 2010

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Dear General Assembly, State Board of Education, and Board of Regents, State of Iowa:

Per Senate File 470, passed by the Iowa General Assembly and signed by Governor Chester Culver in 2009, we respectfully submit the Research and Development Prekindergarten through Grade Twelve School Infrastructure Funding Study Report.

We are pleased to submit this report, and we are grateful for the extensive research and writing completed by Dr. Lee Tack, former Administrator, Financial and Information Services Division, Iowa Department of Education. We look forward to your response to this report, and we would be pleased to address any questions regarding the report.

Respectfully,

Handwritten signature of Judy Jeffrey in black ink.

Judy Jeffrey  
Director  
Iowa Department of Education

Handwritten signature of Benjamin J. Allen in black ink.

Benjamin J. Allen  
President  
University of Northern Iowa

Enclosure: Research and Development School Infrastructure Funding Study Report

cc: The Honorable Chester J. Culver, Governor  
Bob Donley, Executive Director, Board of Regents, State of Iowa

**Report to the Legislature**

**Per the Requirements  
of**

**Senate File 470, Section 55**

**Research and Development School  
Infrastructure Funding Study Report  
2009 Session of the 83rd Iowa General Assembly**

**Prepared by the Iowa Department of Education in  
Collaboration with the University of Northern Iowa**

**Senate File 470, Section 55,  
Research and Development School Infrastructure  
2009 Session of the 83rd Iowa General Assembly**

Senate File 470, Section 49, as passed and signed into law created a new prekindergarten through grade 12 research and development school located at the University of Northern Iowa, Appendix A. The new school is defined in the legislation as a "...research, development, demonstration, and dissemination school using expanded facilities at the center for early development education, also known as the Price laboratory school, in Cedar Falls."

Section 55 of Senate File 470 also states "The Department of Education, in collaboration with representatives of the University of Northern Iowa, as designated by the president, shall create a report about potential access to various infrastructure funding for the research and development school." This report is intended to meet the requirements of Section 55. Potential infrastructure funding is discussed from an "access to infrastructure" funding perspective. This report examines current revenue sources used by school districts and the University of Northern Iowa.

This report does not attempt to address changes in the Code of Iowa, state or federal appropriations, or specific amounts available or needed for the Research and Development (R & D) School's infrastructure costs. The report is not intended to advocate a R & D facility revenue source, changes in funding to school districts or the University of Northern Iowa. Areas reviewed identify current revenue sources to school districts and the University of Northern Iowa and possible limitations or access to those sources.

A separate report outlining findings from a design firm that has been retained by the University of Northern Iowa to evaluate the condition of the Price Lab School facility is due to the general assembly on January 15, 2012. That report will include an approximate cost of both renovation of the current facility and new construction, and a recommendation as to which is more feasible.

### **School District Infrastructure Funding**

School districts currently have four primary means of financing new facilities: property taxes, federal funds, i.e. Iowa Demonstration Construction Grants (Harkin Grants), state sales taxes (Statewide School Infrastructure Sales Tax) and gifts. Each revenue source is discussed below.

#### **Property Taxes**

##### Debt Service Levy

School districts may borrow money by issuing general obligation bonds to finance the construction of new facilities or additions to facilities. The indebtedness which will be incurred upon the issuance of the bonds requires the approval of 60 percent of the electorate within a school district. Slightly more than one-half (54%) of Iowa's school districts use a debt service levy in 2009-10 with an average tax rate of \$1.5103 per \$1,000 taxable valuation.<sup>1</sup>

Legal authority for a school district to incur debt for the purpose of constructing a new facility or addition to a facility is provided in Iowa Code, Section 296, Indebtedness of School Corporations, Section 1:

**“296.1 Indebtedness authorized.**

Subject to the approval of the voters thereof, school districts are hereby authorized to contract indebtedness and to issue general obligation bonds to provide funds to defray the cost of purchasing, building, furnishing, reconstructing, repairing, improving or remodeling a schoolhouse or schoolhouses and additions thereto, gymnasium, stadium, field house, school bus garage, teachers' or superintendent's home or homes, and procuring a site or sites therefore, or purchasing land to add to a site already owned, or procuring and improving a site for an athletic field, or improving a site already owned for an athletic field, and for any one or more of such purposes. Taxes for the payment of said bonds shall be levied in accordance with chapter 76, and said bonds shall mature within a period not exceeding twenty years from date of issue, shall bear interest at a rate or rates not exceeding that permitted by chapter 74A and shall be of such form as the board of directors of such school district shall by resolution provide, but the aggregate indebtedness of any school district shall not exceed five percent of the actual value of the taxable property within said school district, as ascertained by the last preceding state and county tax lists.”

Physical Plant and Equipment Levy

School districts may construct facilities or additions to facilities from revenues received through the use of a physical plant and equipment levy (PPEL), Section 298.2, Iowa Code, Appendix B. Although not typically used as a revenue source for the construction of facilities, authority for such use is provided under Chapter 298, School Taxes and Bonds. A school board may annually levy a PPEL of \$0.33 per \$1,000 taxable valuation. An additional PPEL of \$1.34 per \$1,000 taxable valuation may be levied upon approval by a simple majority, 50% plus 1, of voters within the district. Approval to levy the PPEL may be granted for up to ten years. The voted portion of the PPEL, \$1.34, may be funded with a combination of income surtaxes and property taxes. School districts may borrow against the anticipated revenue to be received from the property tax portion of the voter approved PPEL.

Authority to Levy Taxes

It is important to note that only two educational entities, local school boards and community college boards have authority to levy taxes. Area education agencies and

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<sup>1</sup> The Annual Condition of Education Report 2009, page 253.

Regent institutions do not have taxing authority under Iowa Code. School districts levy property taxes that “flow-through” a district to an area education agency. Similar Iowa Code authority does not exist for community colleges or Regent institutions.

## **Sales Taxes**

### Statewide School Infrastructure Sales Tax

All school districts receive statewide sales and services tax revenues per Chapter 423F, Statewide School Infrastructure Funding. The most recent information from the Iowa Department of Revenue indicates that school districts received \$373.7 million from the one cent Statewide School Infrastructure Sales Tax (SSIST) and \$11.1 million from the Secure an Advanced Vision for Education (SAVE) funding in fiscal year 2008-09.

The SSIST replaces a local option sales tax for school infrastructure, which prior to 2008 was enacted on a county by county basis. The SSIST allocations are being phased in based upon when a county passed the original local option tax and the amount previously received by a district. The Iowa Department of Revenue’s estimated 2009-10 per pupil sales tax revenue and supplemental allocation purposes is \$756 per pupil<sup>2</sup>. In 2012 all districts will receive the same amount per pupil, currently estimated to be approximately \$800.

The following is taken from the Iowa Department of Education’s Annual Condition of Education Report, page 263:

“Local option/statewide sales and services tax is used by school districts for school infrastructure needs and property tax relief. Prior to July 1, 2008, all 99 counties had passed the local option tax, and effective July 1, 2008, legislation changed the local option sales and services tax to a statewide sales and services tax. This legislation (*Iowa Code* 423F.1) increased the state sales, services, and use tax from 5 percent to 6 percent to continue providing revenues to local school districts solely for school infrastructure purposes or school district property tax relief. The statewide sales and services tax sunsets on December 31, 2029. The formula for the distribution of statewide sales and services tax revenue through the Secure an Advanced Vision for Education (SAVE) fund continues to be based upon the amounts that school districts would have received under the former School Infrastructure Local Option Tax (SILO). SAVE was created as a separate and distinct fund in the state treasury under control of the Department of Revenue. Ten million dollars was appropriated to the SAVE fund to pay supplemental school infrastructure amounts to districts. In addition to the \$10,000,000, revenues in excess of the guaranteed school infrastructure amount in some counties are also used to pay the supplemental school infrastructure amounts. Estimated sales and services tax revenues for 2008-2009 were approximately \$363 million.

Distribution of SAVE funds to school districts depends when the SILO was approved and whether the sales tax capacity per student is above or below the guaranteed school infrastructure amount. Guaranteed school infrastructure amount means the statewide sales tax revenues per student, multiplied by the quotient of the tax rate percent imposed in the

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<sup>2</sup> Discussion with Joel Gabrielson, Iowa Department of Revenue.

county, divided by 1 percent and multiplied by the quotient of the number of quarters the tax is imposed during the fiscal year divided by four quarters.

School districts that approved the SILO prior to April 1, 2003, and have a sales tax capacity per student **above** the guaranteed school infrastructure amount are allowed to keep all funds until the initial ten years expires, but school districts that are **below** the guaranteed school infrastructure amount will receive their pro rata share of SILO plus a supplemental school infrastructure amount. School districts that approved the SILO on or after April 1, 2003, or school districts that approved the continuation of the SILO, receive an amount equal to their pro rata share of local sales and services tax **up to** the guaranteed school infrastructure amount, but school districts **below** the guaranteed school infrastructure amount will receive an additional amount equal to its supplemental school infrastructure amount. School districts that approved SILO after January 1, 2007, and before July 1, 2007, receive all their money for the first five years before going into the SAVE fund. For 2008-2009, the supplemental school infrastructure amount through the SAVE fund was approximately \$12.2 million for 238 districts in 48 counties.”

School districts may issue bonds based upon anticipated SSIST revenues, however bond issuers will limit the amount to less than the current or estimated future revenues. Currently a district may bond up to approximately 80%<sup>3</sup> of the anticipated sales tax revenues.

## **Federal Appropriations**

### Harkin Grants (Iowa Demonstration Construction Grant Program)

The Iowa Demonstration Construction Grant Program was proposed by Senator Tom Harkin of Iowa and originally authorized under Title III of Public Law 105-78 for \$8,000,000 becoming effective September 28, 1998. The Iowa Demonstration Construction Grants Program for the current year is authorized under PL 107-110 Elementary and Secondary Act of 1965 as Amended by the No Child Left behind Act of 2001. Funds for Iowa’s Harkin grants are awarded under the Fund for the Improvement of Education program within the US Department of Education. The appropriation and grants awarded under this program have become known as Harkin Grants.

Since 1998, Congress has authorized annual allocations for the Harkin Grant Program of \$10,000,000, \$9,249,813, \$9,000,000, \$50,000,000, \$6,954,499, \$6,958,699, \$14,880,000, and \$4,789,834. For the 2009-10 grant period, the authorized amount is \$5,471,000. Funds awarded for 2009-10 must be expended by September 30, 2012.

The purpose of the program is to help school districts correct fire safety problems and to help school districts leverage local resources to construct new schools and remodel or modernize existing buildings. Approximately 35 percent of the available funds have been allocated each year for addressing fire safety issues and 65 percent for construction. Since the inception of the program, grants have been awarded primarily to public school districts. However a Fire Safety Grant was awarded to the Board of Regents for the two schools operated by the Board, Iowa Braille and Sight Saving School and the Iowa

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<sup>3</sup> The 80% includes principal and interest.

School for the Deaf. The U.S. Department of Education approved the Iowa Department of Education's application to include Board of Regents schools as eligible entities for the Fire Safety grants.

For the 2009-10 grant period, school districts may apply for new construction grants of up to \$500,000. As in prior years, a local match of 75% is required. Local matches may be from property taxes or revenues from the statewide sales and services tax revenues. Applications from school districts were due to the Iowa Department of Education in December with grants to be awarded in March 2010.

### Qualified School Construction Bonds (QSCBs)

Under the 2009, American Recovery and Investment Act (ARRA) Iowa was issued \$64,252,000 in Qualified School Construction Bonds (QSCBs) Authority. QSCB is a tax credit program designed to provide no interest financing for the renovation, repair and construction of school buildings; the purchase of land on which school buildings will be built; and the purchase of equipment to be used in the portion or portions of the public school facility that is being constructed, rehabilitated, or repaired.

This program provides credits, in lieu of interest, to lenders who issue bonds to eligible school districts<sup>4</sup>. Because the federal government provides for the "interest" payment, the school district is only responsible for repayment of the bond principal. The federal government covers all of the interest in the form of tax credits on these bonds, resulting in potential savings up to 50 percent of the cost of renovation and improvement projects. School districts may use property tax revenues from the Voter Approved School Physical Plant and Equipment Levy ( VPPEL ) and/or the Local Option/Statewide Sales and Services Tax for School Infrastructure to repay the principal.

### Qualified Zone Academy Bond Program (QZABs)

The 2009, American Recovery and Investment Act added \$11.1 million to Iowa's existing Qualified Zone Academy Bond Program (QZAB). The program was originally created in the Federal Taxpayer Relief Act of 1997 to provide low or no interest financing for renovating school buildings and purchasing equipment<sup>5</sup>. QZABs are financial instruments that provide low or no interest bonds (loans), which are subsidized by the federal government in the form of tax credits to the bondholder. To qualify the school:

- must establish a partnership with a business,
- must have at least 35 percent of the students attending be eligible for free or reduced price lunches,

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<sup>4</sup> See: [http://www.iowa.gov/educate/index.php?option=com\\_content&view=article&id=1787:qualified-school-construction-bonds-qscb&catid=66:school-facilities&Itemid=2561](http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=1787:qualified-school-construction-bonds-qscb&catid=66:school-facilities&Itemid=2561)

<sup>5</sup> [http://www.iowa.gov/educate/index.php?option=com\\_content&task=view&id=144&Itemid=1350](http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=144&Itemid=1350)

- must have the students subjected to the same academic standards and assessments as other students,
- must be designed in cooperation with business to enhance the academic program

### Build America Bonds (BABs)

The American Recovery & Reinvestment Act of 2009 (ARRA) created new tax incentives for certain taxable governmental bonds called Build America Bonds (BABs) whereby the governmental issuer of such bonds may elect (in lieu of issuing tax-exempt bonds) to receive a direct refundable credit payment from the Federal government equal to a percentage of the interest payments on these bonds<sup>6</sup>.

Build America Bonds can be used to finance a wide range of projects, including construction and modernization of school facilities. The BABs program allows municipal bond issuers in 2009 and 2010 to offer an unlimited amount of taxable debt and to elect either to receive a cash subsidy from the Federal Government or to provide bondholders with a tax credit. Both the payment and the tax credit are equal to 35 percent of the interest paid on the bonds. BABs can be used by both public postsecondary institutions and school districts.. As of December, 2009, three Iowa community colleges have issued “Build America Bonds”: Des Moines Area Community College, Northeast Iowa Community College, and Iowa Western Community College.

### **Regents Infrastructure Funding**

The Board of Regents has several means of financing capital projects, depending upon facility use and Iowa Code authority. Primary revenue sources are state and federal appropriations, bonds, and gifts. Iowa code provides financing authority to the Board of Regents for infrastructure funding through Academic Building Revenue Bonds (Chapter 262A), Dormitories and other Self-Liquidating Facilities (Chapter 262), and Hospital Revenue Bonds (Chapter 263A).

Academic Building Revenue Bonds are guaranteed to be repaid through the use of student tuitions. Student tuition fees guarantee the bonds, but the General Assembly annually appropriates funds to the Board to avoid/reduce tuition increases. For the 2009-10 fiscal year, the General Assembly appropriated \$24.3 million for tuition replacement to offset the academic revenue bond payment requirements. The appropriation was made from the Rebuild Iowa Infrastructure Fund (RIIF) and not the State’s general fund.

There were no direct legislative infrastructure appropriations for the Board of Regents, State of Iowa for the 2010 fiscal year.

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<sup>6</sup> <http://www.irs.gov/taxexemptbond/article/0,,id=206034.00.html>



## Federal Appropriations

Opportunities for direct federal appropriations for infrastructure projects are extraordinarily limited. The University did not receive any direct federal appropriations for infrastructure funding in fiscal year 2010.

## Gifts and Foundations

The University of Northern Iowa Foundation seeks, receives, and administers gifts and grants from private sources for the benefit of the University of Northern Iowa including the Malcolm Price Laboratory School.

The University of Northern Iowa's Policy and Procedures<sup>7</sup> provided the following description of the foundation established by the University:

“The University of Northern Iowa Foundation is the IRS designated 501 (c)3 organization to receive gifts and grants on behalf of the University of Northern Iowa. This designation allows donors to utilize the tax advantages inherent in contributing to the University. As a result, all gifts and grants from private sources to the University should be recorded through the Foundation office in the Development division in order to maintain a complete and official record of gifts to the University.

In the broadest sense, the purposes of the Office of Development are: (1) to create an awareness within the private sector of the financial needs of the University of Northern Iowa which are not met by state or federal support, and (2) to implement a plan by which these financial needs can be met through private gift and grant support. To fulfill these purposes, it is the responsibility of the Development division to institute an organized program for obtaining gift and grant support for alumni, friends, faculty and staff, corporations, organizations, and private foundations on both an annual and capital basis.”

An example of a UNI Foundation account directly linked to the current Malcolm Price Laboratory School and that may represent a source of funding for the new R&D school is the Ross Nielsen PLS Quasi Endowment Fund. Funds in this account are used "to support and enhance the Malcolm Price Laboratory School and its mission to promote and perpetuate the goals envisioned by Ross A. Nielsen: A community that provides a quality education in a safe learning environment for a diverse population of teachers and learners."

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<sup>7</sup> <http://www.uni.edu/policies>

## **“Potential Access” Discussion**

Since the Research and Development School was created as a new entity and funding for the school’s operation was established in a manner different from the Price Laboratory School, the infrastructure funding, given appropriate changes in Iowa Code, might also be established to reflect the school’s statewide mission. Several areas might be sources of one time or ongoing infrastructure revenue.

One possible revenue source could be an allocation of a portion of the total Statewide School Infrastructure Sales Tax revenues to the R & D school. The prorated amount could be a fixed dollar amount, per pupil amount based upon statewide enrollment, or some other mathematical formula providing sufficient revenue for retiring facility bonds and/or operating the R & D School.

For example, Iowa’s public school enrollment is approximately 475,000. After the Statewide School Infrastructure Sales Tax is available to all districts on an equal per pupil amount, in excess of \$400 million a year will be distributed to districts for infrastructure or property tax reductions. The 2009-10 estimated “average” amount per pupil is \$756. Although current and future revenues from this one cent sales tax are very dependent upon the growth of Iowa’s economy, allocating \$500,000 per year is a \$1.05 per pupil reduction to each district’s SSIST allocation.

Another possible infrastructure revenue source could be through Congressional appropriations as either direct grants or under the existing Iowa Demonstration Construction Grant Program. Requirements for the R & D school such as local matching contributions may need to be adjusted; however an eligibility precedent for the Harkin Grants has already been established for Regents institutions.

Three programs, Qualified Zone Academy Bond Program (QZABs), Qualified School Construction Bonds (QSCBs), and Build America Bonds (BABs) were authorized or expanded under the 2009, American Recovery and Investment Act. Of the three, the Build America Bonds is the newest and usage appears to be increasing the most rapidly. A guaranteed source of revenue, i.e. Statewide School Infrastructure Sales Tax, to pay for bonds issued under any of the programs would need to be established.

Historically, school districts have used property taxes to finance the construction of new facilities. In more recent years, revenues from what is now the one cent statewide sales devoted to infrastructure or property tax relief have been used by districts for infrastructure purposes. Property taxes are levied and collected on a district by district basis for a district’s use or services provided by an Area Education Agency. Revenues from the one cent sales tax are collected statewide and will be distributed statewide on an equal per pupil basis beginning in 2012.

As noted at the beginning of this document, the intent was to “create a report about potential access to various infrastructure funding for the new Research and Development School.” This report was not intended to limit areas that might be explored. Changes in

the Code of Iowa or directed Congressional or State appropriations could certainly create additional areas of access to infrastructure funding for the R & D School.

Again, this report did not attempt to address changes in the Code of Iowa, state or federal appropriations, specific amounts available or needed for the R & D infrastructure costs. This report is not intended to advocate a revenue source. The intent of areas reviewed was to identify revenue sources and possible access to those sources.

## Appendix A

Senate File 470

### DIVISION II RESEARCH AND DEVELOPMENT SCHOOL

#### Sec. 49. NEW SECTION. 256G.1 LEGISLATIVE INTENT.

It is the intent of the general assembly to develop a state research and development prekindergarten through grade twelve school in order to do the following:

1. To raise and sustain the level of all prekindergarten through grade twelve students' educational attainment and personal development through innovative and promising teaching practice.
2. To enhance the preparation and professional competence of the educators in this state through collaborative inquiry and exchange of professional knowledge in teaching and learning.
3. To focus on research that transforms teaching practice to meet the changing needs of this state's educational system.

#### Sec. 50. NEW SECTION. 256G.2 DEFINITIONS.

For purposes of this chapter:

1. "Department" means the department of education.
2. "Director" means the director of the department of education.
3. "President" means the president of the university of northern Iowa.
4. "Research and development school" means a prekindergarten through grade twelve research, development, demonstration, and dissemination school using expanded facilities at the center for early development education, also known as the Price laboratory school, in Cedar Falls.
5. "University" means the university of northern Iowa.

#### Sec. 51. NEW SECTION. 256G.3 RESEARCH AND DEVELOPMENT SCHOOL FUNDING.

1. a. (1) The university and the board of directors of the Cedar Falls community school district shall develop a student transfer policy for the research and development school that will protect and promote the quality and integrity of the teacher education program and the viability of the education program of the Cedar Falls community school district.

(2) The policy shall include, in order of consideration, the reasons for which a request to transfer to the research and development school will be allowed by the school district. The research and development school may deny any request for transfer under the policy and such denial for transfer is not subject to appeal under section 290.1. The research and development school shall report the transfer and enrollment of a new student directly to the department.

b. The research and development school shall create and maintain a basic geographic boundary line agreement with the Cedar Falls community school district. The boundary line agreement shall ensure that students currently enrolled at the center for early development education shall continue to have priority access to enrollment at the research and development school. If such an agreement cannot be reached, the boundary line for the research and development school shall be the official boundary line of the Cedar Falls community school district.

c. Open enrollment under section 282.18 applies to the research and development school.

2. Funds provided by the university for the center for early development education under section 262.71 shall be redirected as applicable to support the research component at the research and development school.

#### Sec. 52. NEW SECTION. 256G.4 RESEARCH AND DEVELOPMENT SCHOOL — GOVERNANCE.

1. The board of regents shall be the governing entity of the research and development school and as such shall be responsible for the faculty, facility, grounds, and staffing.

2. The department shall be the accreditation agency and as such shall serve as the authority on teacher qualification requirements and waiver provisions.

3. a. A seventeen-member advisory council is created, composed of the following members:
- (1) Three standing committee members as follows:
    - (a) The director.
    - (b) The president.
    - (c) The director of the research and development school, serving as an ex officio, nonvoting member.
  - (2) Ten members shall be jointly recommended for membership by the president and the director and shall be jointly approved by the state board of regents and the state board of education, shall serve three-year staggered terms, and shall be eligible to serve for two consecutive three-year terms on the council in addition to any partial, initial term:
    - (a) One member representing prekindergarten through grade six public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.
    - (b) One member representing grade seven through grade nine public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.
    - (c) One member representing grade ten through grade twelve public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.
    - (d) One member representing prekindergarten through grade twelve administrators.
    - (e) One member representing area education agencies.
    - (f) One member representing Iowa state university of science and technology.
    - (g) One member representing the university of Iowa.
    - (h) One member representing parents of students at the research and development school.
    - (i) One member representing business and industry.
    - (j) One member representing private colleges in the state.
  - (3) Four members of the general assembly serving as ex officio, nonvoting members, one representative to be appointed by the speaker of the house of representatives, one representative to be appointed by the minority leader of the house of representatives, one senator to be appointed by the majority leader of the senate after consultation with the president of the senate, and one senator to be appointed by the minority leader of the senate.
- b. One of the members representing public school teachers approved for membership pursuant to paragraph “a”, subparagraph (2), subparagraph divisions (a) through (c) shall be an active teacher in the Cedar Falls community school district.
- c. (1) The advisory council shall review and evaluate the educational processes and results of the research and development school.
- (2) The advisory council shall provide an annual report to the president, the director, the state board of regents, the state board of education, and the general assembly.
4. a. An eleven-member standing institutional research committee, appointed by the president and the director, is created, composed of the following members:
- (1) The director of research at the research and development school or the person designated with this responsibility.
  - (2) One member representing the university of northern Iowa.
  - (3) One member representing Iowa state university of science and technology.
  - (4) One member representing the university of Iowa.
  - (5) One member representing business and industry.
  - (6) One member representing prekindergarten through grade six public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.

(7) One member representing grade seven through grade nine public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.

(8) One member representing grade ten through grade twelve public school teachers, who is also a participating member of a teacher quality committee created pursuant to section 284.4, subsection 1, paragraph “c”.

(9) One member representing the boards of school districts selected from a list of nominees submitted by the Iowa association of school boards.

(10) One member representing the department.

(11) One member representing private colleges in the state.

b. The appointed members should collectively possess the following characteristics:

(1) Be well informed about the educational needs of students in the state.

(2) Be aware of and understand the standards and protocol for educational research.

(3) Understand the dissemination of prekindergarten through grade twelve research results.

(4) Understand the impact of educational research.

(5) Be knowledgeable about compliance with human subject protection protocol.

c. One of the members representing public school teachers approved for membership pursuant to paragraph “a”, subparagraphs (6) through (8) shall be an active teacher in the Cedar Falls community school district.

d. The committee shall serve as the clearinghouse for the investigative and applied research at the research and development school.

e. The committee shall create research protocols, approve research proposals, review the quality and results of performed research, and provide support for dissemination efforts.

Sec. 53. Section 257.6, subsection 1, paragraph b, Code 2009, is amended by striking the paragraph.

Sec. 54. Section 282.18, Code 2009, is amended by adding the following new subsections:

**NEW SUBSECTION.** 15A. a. If a request under this section is for transfer to a laboratory school, as described in chapter 256G, the student, who is the subject of the request, shall be included in the basic enrollment of the student’s district of residence and the board of directors of the district of residence shall pay to a laboratory school the state cost per pupil for the previous school year, plus any moneys received for the pupil as a result of the non-English speaking weighting under section 280.4, subsection 3, for the previous school year multiplied by the state cost per pupil for the previous year.

b. Notwithstanding subsection 7, a district of residence shall not be required to pay the state cost per pupil for a student attending a laboratory school during the school year beginning July 1, 2010, if the student was not included in the district of residence’s enrollment count for funding purposes in the school year beginning July 1, 2009.

**NEW SUBSECTION.** 15B. a. The total enrollment of the research and development school shall be limited to six hundred fifty students.

b. Open enrollment requests accepted by the research and development school shall be limited to a five percent increase per year of students from each of the Cedar Falls community school district and the Waterloo school district over the previous year’s enrollment at the research and development school.

c. The total number of students enrolled in the research and development school from the Cedar Falls community school district shall be limited to not more than ten percent of the total district enrollment of the Cedar Falls community school district.

d. Open enrollment requests accepted by the research and development school from a school district shall be limited to not more than two percent of a school district’s previous year’s total enrollment count. This subsection does not apply to the Cedar Falls community and Waterloo school districts.

Sec. 55. RESEARCH AND DEVELOPMENT SCHOOL — INFRASTRUCTURE FUNDING STUDY. The department of education, in collaboration with representatives of the university of northern Iowa, as designated by the president, shall create a report about potential access to various infrastructure funding for the research and development school. The department shall submit the report to the general assembly and the governor by January 15, 2010.

Sec. 56. RESEARCH AND DEVELOPMENT SCHOOL INFRASTRUCTURE.

1. a. There is appropriated from the general fund of the state to the university of northern Iowa for the fiscal year beginning July 1, 2009, and ending June 30, 2010, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For a contract with a design firm to evaluate the condition of the center for early development education in Cedar Falls and determine an approximate cost of both renovation of the current facility and new construction with a recommendation as to which is more feasible:

\$ 35,000

b. The design firm's recommendation shall consider the following property elements:

- (1) Grounds, utility, and paving systems.
- (2) Exterior systems, including the roof, walls, windows, exterior doors, and structural components.
- (3) Interior systems, including walls, doors, floors, and ceilings.
- (4) Fire and life safety issues.
- (5) Readily achievable design features meeting the requirements of the federal Americans With Disabilities Act.
- (6) Heating, ventilation, and air conditioning including control mechanisms.
- (7) Electrical and electrical distribution system.
- (8) Plumbing.
- (9) Fire protection.
- (10) Elevators.
- (11) Special construction.

c. The design firm shall report in fiscal year 2010–2011 to the president, the director, and the transition team the results of its evaluation and recommendation. The transition team shall report the design firm's findings to the general assembly by January 15, 2012.

2. Leadership in energy and environmental design certification shall be sought in order that the research and development school serve as a model of energy efficiency and design.

3. A three–year timeline to establish the research and development school is proposed for the university and the department. A transition team, appointed by the president and the director, shall develop and implement specific transition plans for the first year of the transition and for the entire three–year transition period in order to establish a functioning research and development school at the end of the transition period. The transition team shall include but not be limited to two members who are active teachers in the Cedar Falls community school district and one member who is an active teacher in the Waterloo school district. The transition team shall use the recommendations for each year of the transition as submitted in the report of the committees required by 2008 Iowa Acts, chapter 1101, to oversee the transition.

Sec. 57. EFFECTIVE DATES.

1. This division of this Act takes effect July 1, 2009.

2. Notwithstanding subsection 1, the sections of this division of this Act enacting section 256G.3 and amending section 257.6, subsection 1, and section 282.18 take effect July 1, 2010.

## Appendix B

### **298.2 IMPOSITION OF PHYSICAL PLANT AND EQUIPMENT LEVY.**

1. A physical plant and equipment levy of not exceeding one dollar and sixty-seven cents per thousand dollars of assessed valuation in the district is established except as otherwise provided in this subsection. The physical plant and equipment levy consists of the regular physical plant and equipment levy of not exceeding thirty-three cents per thousand dollars of assessed valuation in the district and a voter-approved physical plant and equipment levy of not exceeding one dollar and thirty-four cents per thousand dollars of assessed valuation in the district. However, the voter-approved physical plant and equipment levy may consist of a combination of a physical plant and equipment property tax levy and a physical plant and equipment income surtax as provided in subsection 4 with the maximum amount levied and imposed limited to an amount that could be raised by a one dollar and thirty-four cent property tax levy. The levy limitations of this subsection are subject to subsection 6.
2. If the electors of a school district have authorized a voter-approved physical plant and equipment levy not exceeding sixty-seven cents per thousand dollars of assessed valuation in the district prior to July 1, 1997, the levy shall continue for the period authorized under the voter-approved levy, and the maximum levy that can be authorized by the electors under the voter-approved levy on or after July 1, 1997, under this section, is an additional sixty-seven cents for a period to coincide with the period for which the initial physical plant and equipment levy in the district was approved.
3. The board of directors of a school district may certify for levy by April 15 of a school year a tax on all taxable property in the school district for the regular physical plant and equipment levy.
4. The board may, and upon the written request of not less than one hundred eligible electors or thirty percent of the number of eligible electors voting at the last regular school election, whichever is greater, shall, direct the county commissioner of elections to provide for submitting the proposition of levying the voter-approved physical plant and equipment levy for a period of time authorized by the voters in the notice of election, not to exceed ten years, in the notice of the regular school election. The proposition is adopted if a majority of those voting on the proposition at the election approves it. The voter-approved physical plant and equipment levy shall be funded either by a physical plant and equipment property tax or by a combination of a physical plant and equipment property tax and a physical plant and equipment income surtax, as determined by the board. However, if the board intends to enter into a rental or lease arrangement under section 279.26, or intends to enter into a loan agreement under section 297.36, only a property tax shall be levied for those purposes. Subject to the limitations of section 298.14, if the board uses a combination of a physical plant and equipment property tax and a physical plant and equipment surtax, for each fiscal year the board shall determine the percent of income surtax to be imposed expressed as full percentage points, not to exceed twenty percent. If a combination of a property tax and income surtax is used, by April 15 of the previous school year, the board shall certify the percent of the income surtax to be imposed and the amount to be raised to the department of management and the department of management shall establish the rate of the property tax and income surtax for the school year. The physical plant and equipment property tax and income surtax shall be levied or imposed, collected, and paid to the school district in



the manner provided for the instructional support program in sections 257.21 through 257.26.

5. The proposition to levy the voter-approved physical plant and equipment levy is not affected by a change in the boundaries of the school district, except as otherwise provided in this section. If each school district involved in a school reorganization under chapter 275 has adopted the voter-approved physical plant and equipment levy or the sixty- seven and one-half cents per thousand dollars of assessed value schoolhouse levy under section 278.1, subsection 7, Code 1989, prior to July 1, 1991, and if the voters have not voted upon the proposition to levy the voter-approved physical plant and equipment levy in the reorganized district, the existing voter-approved physical plant and equipment levy or the existing schoolhouse levy, as applicable, is in effect for the reorganized district for the least amount and the shortest time for which it is in effect in any of the districts. Authorized levies for the period of time approved are not affected as a result of a failure of a proposition proposed to expand the purposes for which the funds may be expended.

6. If the board of directors of a school district in which the voters have authorized the schoolhouse tax prior to July 1, 1991, has entered into a rental or lease arrangement under section 279.26, Code 1989, or has entered into a loan agreement under section 297.36, Code 1989, the levy shall continue for the period authorized and the maximum levy that can be authorized under the voter-approved physical plant and equipment levy is reduced by the rate of the schoolhouse tax.

## Appendix C

### CHAPTER 423F STATEWIDE SCHOOL INFRASTRUCTURE FUNDING Chapter to be repealed December 31, 2029; see § 423F.6

#### 423F.1 LEGISLATIVE INTENT.

It is the intent of the general assembly that the increase in the state sales, services, and use taxes under chapter 423, subchapters II and III, from five percent to six percent on July 1, 2008, shall be used solely for purposes of providing revenues to local school districts under this chapter to be used solely for school infrastructure purposes or school district property tax relief.

#### 423F.2 REPEAL OF LOCAL SALES AND SERVICES TAXES -- SECURE AN ADVANCED VISION FOR EDUCATION FUND.

1. a. After July 1, 2008, all local sales and services taxes for school infrastructure purposes imposed under chapter 423E are repealed. After July 1, 2008, a county no longer has the authority under chapter 423E or any other provision of law to impose or to extend an existing local sales and services tax for school infrastructure purposes.

b. The increase in the state sales, services, and use taxes under chapter 423, subchapters II and III, from five percent to six percent shall replace the repeal of the county's local sales and services tax for school infrastructure purposes. The distribution of moneys in the secure an advanced vision for education fund and the use of the moneys for infrastructure purposes or property tax relief shall be as provided in this chapter. However, the formula for the distribution of the moneys in the fund shall be based upon amounts that would have been received if the local sales and services taxes under former chapter 423E, Code and Code Supplement 2007, continued in existence.

c. To the extent that any school district has issued bonds anticipating the proceeds of a local sales and services tax for school infrastructure purposes prior to July 1, 2008, the pledge of such tax receipts for the payment of principal and interest on such bonds shall be replaced by a pledge of its share of the revenues the school district receives under this section.

2. A secure an advanced vision for education fund is created as a separate and distinct fund in the state treasury under the control of the department of revenue. Moneys in the fund include revenues credited to the fund pursuant to this chapter, appropriations made to the fund, and other moneys deposited into the fund. Subject to subsection 3, any amounts disbursed from the fund shall be utilized for school infrastructure purposes or property tax relief.

3. The moneys available in a fiscal year in the secure an advanced vision for education fund shall be distributed by the department of revenue to each school district in an amount equal to the amount the school district would have received pursuant to the

formula in section 423E.4 as if the local sales and services tax for school infrastructure purposes was imposed. Moneys in a fiscal year that are in excess of that needed to provide each school district with its formula amount shall be distributed and credited to the property tax equity and relief fund created in section 257.16A.

4. a. The director of revenue by August 15 of each fiscal year shall send to each school district an estimate of the amount of tax moneys each school district will receive for the year and for each month of the year. At the end of each month, the director may revise the estimates for the year and remaining months.

b. The director shall remit ninety-five percent of the estimated tax receipts for the school district to the school district on or before August 31 of the fiscal year and on or before the last day of each following month.

c. The director shall remit a final payment of the remainder of tax moneys due for the fiscal year before November 10 of the next fiscal year. If an overpayment has resulted during the previous fiscal year, the November payment shall be adjusted to reflect any overpayment.

#### 423F.3 USE OF REVENUES.

1. A school district receiving revenues from the secure an advanced vision for education fund under this chapter without a valid revenue purpose statement shall expend the revenues subject to subsections 2 and 3 for the following purposes:

a. Reduction of bond levies under sections 298.18 and 298.18A and all other debt levies.

b. Reduction of the regular and voter-approved physical plant and equipment levy under section 298.2.

c. Reduction of the public educational and recreational levy under section 300.2.

d. Reduction of the schoolhouse tax levy under section 278.1, subsection 7, Code 1989.

e. For any authorized infrastructure purpose of the school district as defined in subsection 6.

f. For the payment of principal and interest on bonds issued under sections 423E.5 and 423F.4.

2. A revenue purpose statement in existence for the expenditure of local sales and services tax for school infrastructure purposes imposed by a county pursuant to section 423E.2, Code Supplement 2007, prior to July 1, 2008, shall remain in effect until amended or extended. The board of directors of a school district may take action to adopt or amend a revenue purpose statement specifying the specific purposes for which the revenues received from the secure an advanced vision for education fund will be expended. If a school district is located in a county which has imposed a local sales and services tax for school infrastructure purposes prior to July 1, 2008, this action shall be taken before expending or anticipating revenues to be received after the unextended term of the tax unless

the school district elects to adopt a revenue purpose statement as provided in subsection 3.

3. a. If the board of directors adopts a resolution to use funds received under the operation of this chapter solely for providing property tax relief by reducing indebtedness from the levies specified under section 298.2 or 298.18, the board of directors may approve a revenue purpose statement for that purpose without submitting the revenue purpose statement to a vote of the electors.

b. If the board of directors intends to use funds for purposes other than those listed in paragraph "a", or change the use of funds to purposes other than those listed in paragraph "a", the board shall adopt a revenue purpose statement, subject to approval of the electors, listing the proposed use of the funds. School districts shall submit the statement to the voters no later than sixty days prior to the expiration of any existing revenue purpose statement or change in use not included in the existing revenue purpose statement.

c. The board secretary shall notify the county commissioner of elections of the intent to take the issue to the voters. The county commissioner of elections shall publish the notices required by law for special or general elections, and the election shall be held on a date specified in section 39.2, subsection 4, paragraph "c". A majority of those voting on the question must favor approval of the revenue purpose statement. If the proposal is not approved, the school district shall not submit the same or new revenue purpose statement to the electors for a period of six months from the date of the previous election.

4. The revenues received pursuant to this chapter shall be expended for the purposes specified in the revenue purpose statement. If a board of directors has not approved a revenue purpose statement, the revenues shall be expended in the order listed in subsection 1 except that the payment of bonds for which the revenues have been pledged shall be paid first. Once approved, a revenue purpose statement is effective until amended or repealed by the foregoing procedures. A revenue purpose statement shall not be amended or repealed to reduce the amount of revenue pledged to the payment of principal and interest on bonds as long as any bonds authorized by sections 423E.5 and 423F.4 are outstanding unless funds sufficient to pay principal, interest, and premium, if any, on the outstanding obligations at or prior to maturity have been properly set aside and pledged for that purpose.

5. A school district with a certified enrollment of fewer than two hundred fifty pupils in the entire district or certified enrollment of fewer than one hundred pupils in high school shall not expend the amount received for new construction without prior application to the department of education and receipt of a certificate of need pursuant to this subsection. A certificate of need is not required for repairing schoolhouses or buildings, equipment, technology, or transportation equipment for transporting students as provided in section 298.3, or for construction necessary

for compliance with the federal Americans With Disabilities Act pursuant to 42 U.S.C. § 12101--12117. In determining whether a certificate of need shall be issued or denied, the department shall consider all of the following:

- a. Enrollment trends in the grades that will be served at the new construction site.
- b. The infeasibility of remodeling, reconstructing, or repairing existing buildings.
- c. The fire and health safety needs of the school district.
- d. The distance, convenience, cost of transportation, and accessibility of the new construction site to the students to be served at the new construction site.
- e. Availability of alternative, less costly, or more effective means of serving the needs of the students.
- f. The financial condition of the district, including the effect of the decline of the budget guarantee and unspent balance.
- g. Broad and long-term ability of the district to support the facility and the quality of the academic program.
- h. Cooperation with other educational entities including other school districts, area education agencies, postsecondary institutions, and local communities.

6. a. For purposes of this chapter, "school infrastructure" means those activities authorized in section 423E.1, subsection 3, Code 2007.

b. Additionally, "school infrastructure" includes the payment or retirement of outstanding bonds previously issued for school infrastructure purposes as defined in this subsection, and the payment or retirement of bonds issued under sections 423E.5 and 423F.4.

c. A school district that uses secure an advanced vision for education fund moneys for school infrastructure shall comply with the state building code in the absence of a local building code.

7. The general assembly shall not alter the purposes for which the revenues received under this section may be used from infrastructure and property tax relief purposes to any other purpose unless the bill is approved by a vote of at least two-thirds of the members of both chambers of the general assembly and is signed by the governor.

#### 423F.4 BORROWING AUTHORITY FOR SCHOOL DISTRICTS.

A school district may anticipate its share of the revenues under section 423F.2 by issuing bonds in the manner provided in section 423E.5. However, to the extent any school district has issued bonds anticipating the proceeds of an extended local sales and services tax for school infrastructure purposes imposed by a county pursuant to former chapter 423E, Code and Code Supplement 2007, prior to July 1, 2008, the pledge of such revenues for the payment of principal and interest on such bonds shall be replaced by a pledge of its share of the revenues under section 423F.2.

423F.5 CONTENTS OF FINANCIAL AUDIT.

1. A school district shall include as part of its financial audit for the budget year beginning July 1, 2007, and for each subsequent budget year the amount received during the year pursuant to chapter 423E or 423F, as applicable. In addition, the financial audit shall include the amount of bond levies, physical plant and equipment levy, and public educational and recreational levy reduced as a result of the moneys received under chapter 423E or 423F, as applicable. The amount of the reductions shall be stated in terms of dollars and cents per one thousand dollars of valuation and in total amount of property tax dollars. Also included shall be an accounting of the amount of moneys received which were spent for infrastructure purposes pursuant to chapter 423E or 423F, as applicable.

2. The auditor of state may prescribe necessary forms and procedures for the consistent collection of the information required by this section.

423F.6 REPEAL.

This chapter is repealed December 31, 2029.

## Appendix D

### CHAPTER 262A UNIVERSITY BUILDINGS, FACILITIES, AND SERVICES == REVENUE BONDS

#### 262A.1 DECLARATION OF INSUFFICIENT STATE REVENUE.

The general assembly hereby determines that the annual revenues of the state are insufficient to finance the immediate building requirements and other facilities and utilities services requirements of the institutions of higher learning under the jurisdiction of the state board of regents and in order to provide these buildings, facilities and utilities services when they are needed, it is necessary to authorize the issuance of revenue bonds by the state board of regents, subject to the restrictions and limitations hereinafter set forth. It is the intent of the general assembly that revenue bonds issued for academic and administrative buildings and facilities and utilities services shall supplement and not supplant legislative appropriations for the same or similar purposes.

#### 262A.2 DEFINITIONS.

The following words or terms, as used in this chapter, shall have the respective meanings as stated:

1. "Board" shall mean the state board of regents.
2. "Bonds" shall mean revenue bonds which are payable solely and only from student fees and charges and institutional income received by the institution at which the project is being undertaken.
3. "Buildings and facilities" shall mean those academic buildings and other facilities used primarily for instructional and research purposes, including libraries, and such other administrative and service buildings and facilities as are deemed necessary by the board to provide supporting services to the instructional and research programs and activities of the institutions, including, without limiting the generality of the foregoing, administrative offices, facilities for business services, student services and extension and continuing education services, off-street parking areas and structures incidental to other buildings and facilities which are not primarily for parking purposes, garages, and storage and warehouse facilities, or any combination thereof. This phrase shall also include works and facilities deemed necessary by the board for furnishing utilities services to any buildings or structures operated by the institutions, including, without limiting the generality of the foregoing, water, electric, gas, communications, sewer and heating facilities, together with all necessary structures, buildings, tunnels, lines, reservoirs, mains, filters, pipes, sewers, boilers, generators, fixtures, wires, poles, equipment, treatment facilities and all other appurtenances in connection therewith, or any combination of the foregoing.
4. "Institution" or "institutions" shall mean the state university of Iowa, the Iowa state university of science and

technology, the university of northern Iowa, and any other institution of higher learning under the jurisdiction of the state board of regents which offers a college program of four years or more, including any such institution the creation of which is hereafter authorized by the general assembly or which is placed under the jurisdiction of said board.

5. "Institutional income" shall mean income received by an institution from sources other than (a) student fees and charges, (b) rates, fees, rentals or charges imposed and collected under the provisions of (1) sections 262.35 through 262.42, (2) sections 262.44 through 262.53, and (3) sections 262.55 through 262.66, (c) state appropriations, and (d) "hospital income", as that term is defined in subsection 4 of section 263A.1.

6. "Project" shall mean the acquisition by gift, purchase, lease or construction of buildings and facilities which are deemed necessary by the board for the proper performance of the instructional, research and service functions of the institutions, and additions to buildings and facilities, the reconstruction, completion, equipment, improvement, repair or remodeling of buildings and facilities, including the demolition of existing buildings and facilities which are to be replaced, the acquisition of air rights and the construction of projects thereon, and the acquisition of property of every kind and description, whether real, personal or mixed, for buildings and facilities by gift, purchase, lease, condemnation or otherwise and the improvement of the same, or any combination of the foregoing.

7. "Student fees and charges" shall mean all tuitions, fees and charges for general or special purposes levied against and collected from students attending the institutions except rates, fees, rentals or charges imposed and collected under the provisions of (a) sections 262.35 through 262.42, (b) sections 262.44 through 262.53, and (c) sections 262.55 through 262.66.

**262A.3 FIVE-YEAR PROGRAM AND TWO-YEAR BOND PROPOSAL SUBMITTED EACH YEAR. Repealed by 2005 Acts, ch 179, § 160.**

**262A.4 AUTHORIZATION OF GENERAL ASSEMBLY AND GOVERNOR.**

Subject to and in accordance with the provisions of this chapter, the state board of regents after authorization by a constitutional majority of each house of the general assembly and approval by the governor may undertake and carry out any project as defined in this chapter at the institutions now or hereafter under the jurisdiction of the board. The state board of regents is authorized to operate, control, maintain, and manage buildings and facilities and additions to such buildings and facilities at each of said institutions. All contracts for the construction, reconstruction, completion, equipment, improvement, repair or remodeling of any buildings, additions, or facilities shall be let in accordance with the provisions of section 262.34. The title to all real estate acquired under the provisions of this chapter and the improvements erected



thereon shall be taken and held in the name of the state of Iowa.

#### 262A.5 BORROWING MONEY AND ISSUING BONDS.

The board is authorized to borrow money under this chapter, and the board may issue and sell negotiable bonds to pay all or any part of the cost of carrying out any project at any institution and may refund and refinance bonds issued for any project or for refunding purposes at the same rate or at a higher or lower rate or rates of interest. Bonds issued under the provisions of this chapter shall be sold by said board at public sale on the basis of sealed proposals received pursuant to a notice specifying the time and place of sale and the amount of bonds to be sold which shall be published at least once not less than seven days prior to the date of sale in a newspaper published in the state of Iowa and having a general circulation in said state. The provisions of chapter 75 shall apply to bonds issued under authority contained in this chapter to the extent not in conflict with this chapter. Bonds issued to refund other bonds issued under the provisions of this chapter may either be sold in the manner hereinbefore specified and the proceeds thereof applied to the payment of the obligations being refunded, or the refunding bonds may be exchanged for and in payment and discharge of the obligations being refunded. The refunding bonds may be sold or exchanged in installments at different times or an entire issue or series may be sold or exchanged at one time. Any issue or series of refunding bonds may be exchanged in part or sold in parts in installments at different times or at one time. The refunding bonds may be sold or exchanged at any time on, before, or after the maturity of any of the outstanding bonds or other obligations to be refinanced thereby and may be issued for the purpose of refunding a like or greater principal amount of bonds, except that the principal amount of the refunding bonds may exceed the principal amount of the bonds to be refunded to the extent necessary to pay any premium due on the call of the bonds to be refunded or to fund interest in arrears or which is to become due.

All bonds issued under the provisions of this chapter shall be payable solely and only from and shall be secured by an irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution. All bonds issued under the provisions of this chapter shall have all the qualities of a negotiable investment security under the laws of this state.

#### 262A.6 FORM AND CONDITION OF BONDS.

Such bonds may bear such date or dates, may bear interest at such rate or rates, payable semiannually, may mature at such time or times, may be in such form and denominations, may carry such registration privileges, may be payable at such place or places, may be subject to such terms of redemption prior to maturity with or without premium, if so stated on the face thereof, and may contain such terms and covenants, including the establishment of reserves, all as may be provided by the resolution of the board authorizing the

issuance of the bonds. In addition to the estimated cost of construction, including site costs, the cost of the project may include interest upon the bonds during construction and for six months after the estimated completion date, the compensation of a fiscal agent or adviser, engineering, architectural, administrative and legal expenses and provision for contingencies. Such bonds shall be executed by the president of the state board of regents and attested by the executive director, secretary or other official thereof performing the duties of executive director, and the coupons thereto attached shall be executed with the original or facsimile signatures of said president, executive director, secretary or other official; provided, however, that the facsimile signature of either of such officers executing such bonds may be imprinted on the face of the bonds in lieu of the manual signature of such officer, but at least one of the signatures appearing on the face of each bond shall be a manual signature. Any bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes, notwithstanding that before delivery thereof any or all such persons whose signatures appear thereon shall have ceased to be such officers. Each such bond shall state upon its face the name of the institution on behalf of which it is issued, that it is payable solely and only from the student fees and charges and institutional income received by such institution as hereinbefore provided, and that it does not constitute a debt of or charge against the state of Iowa within the meaning or application of any constitutional or statutory limitation or provision. The issuance of such bonds shall be recorded in the office of the treasurer of the institution on behalf of which the same are issued, and a certificate by such treasurer to this effect shall be printed on the back of each such bond.

262A.6A IOWA COLLEGE SUPER SAVINGS PLAN. Repealed by 2005 Acts, ch 179, § 160.

#### 262A.7 RESOLUTION OF BOARD AND COVENANTS UNDERTAKEN.

Upon the determination by the state board of regents to undertake and carry out any project or to refund outstanding bonds, said board shall adopt a resolution describing generally the contemplated project and setting forth the estimated cost thereof, or describing the obligations to be refunded, fixing the amount of bonds to be issued, the maturity or maturities, the interest rate or rates and all details in respect thereof. Such resolution shall contain such covenants as may be determined by the board as to the issuance of additional bonds that may thereafter be issued payable from the student fees and charges and institutional income received by the particular institution, the amendment or modification of the resolution authorizing the issuance of any bonds, the manner, terms, and conditions and the amount or percentage of assenting bonds necessary to effectuate such amendment or modification, and such

other covenants as may be deemed necessary or desirable. In the discretion of the board any bonds issued under the terms of this chapter may be secured by a trust indenture by and between the board and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the boundaries of the state of Iowa, but no such trust indenture shall convey or mortgage the buildings and facilities or any part thereof. The provisions of this chapter and of any resolution or other proceedings authorizing the issuance of bonds and providing for the establishment and maintenance of adequate student fees and charges and the application of the proceeds thereof, together with institutional income, shall constitute a contract with the holders of such bonds.

#### 262A.8 STUDENT FEES TO PAY BONDS.

Whenever bonds are issued by the state board of regents, it shall be the duty of said board to establish, impose, and collect student fees and charges at the institution on behalf of which such bonds are issued, and to adjust such student fees and charges from time to time, in order always to provide amounts which, together with the institutional income, will be sufficient to pay the principal of and interest on such bonds as the same become due and to maintain a reserve therefor, and said board is authorized to pledge a sufficient amount of the student fees and charges and institutional income received by such institution for this purpose. Student fees and charges and institutional income received by one institution shall not be used to discharge bonds issued for or on account of another institution. All bonds issued under the terms of this chapter shall be exempt from taxation by the state of Iowa and the interest thereon shall be exempt from the state income tax.

#### 262A.9 BOND FUND ACCOUNT.

A certified copy of each resolution providing for the issuance of bonds under this chapter shall be filed with the treasurer of the institution on behalf of which the bonds are issued and it shall be the duty of said treasurer to keep and maintain separate accounts for each issue of bonds in accordance with the covenants and directions set out in the resolution providing for the issuance thereof. A sufficient portion of the student fees and charges and institutional income received by each institution shall be held in trust by the treasurer thereof, separate and apart from all other funds, to be used solely and only for the purposes specified in this chapter and as may be required and provided for by the proceedings of the board authorizing the issuance of bonds. It shall be the duty of the treasurer of each institution to disburse funds from the proper account for the payment of the principal of and interest on the bonds in accordance with the directions and covenants of the resolution authorizing the issuance thereof.

If the amount of bonds issued under this chapter exceeds the actual costs of the projects for which bonds were issued, the amount of the difference shall be used to pay the principal and interest due

on bonds issued under this chapter.

#### 262A.10 BONDS NOT STATE OBLIGATION.

Under no circumstances shall any bonds issued under the terms of this chapter be or become or be construed to constitute a debt of or a charge against the state of Iowa within the purview of any constitutional or statutory limitation or provision. No taxes, appropriations, or other funds of the state of Iowa may be pledged for or used to pay such bonds or the interest thereon but any such bonds shall be payable solely and only as to both principal and interest from the student fees and charges and institutional income received by the institutions of higher learning under the control of the state board of regents as provided in this chapter, and the sole remedy for any breach or default of the terms of any such bonds or proceedings for their issuance shall be a proceeding either in law or in equity by suit, action, or mandamus to enforce and compel performance of the duties required by this chapter and the terms of the resolution under which such bonds are issued.

#### 262A.11 BONDS AS SECURITY FOR INVESTMENTS.

All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking or investment business, all insurance companies, insurance associations, and other persons carrying on an insurance business and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds issued pursuant to this chapter; provided, however, that nothing contained in this section may be construed as relieving any persons from any duty of exercising reasonable care in selecting securities for purchase or investment.

#### 262A.12 APPLICATION FOR GIFTS, LOANS OR GRANTS.

The state board of regents is authorized to apply for and accept federal or nonfederal gifts, loans, or grants of funds and to use the same to pay all or any part of the cost of carrying out any project at any institution under the terms of this chapter or to use the same, together with student fees and charges and institutional income, for the payment of debt service on bonds issued and to be issued by the board pursuant to authority contained in this chapter, in such manner as may be provided in the resolution authorizing the issuance of the bonds, which grants of funds or other aid shall be considered to constitute and may be commingled with student fees and charges and institutional income and may, together with such student fees and charges and institutional income, be pledged by the board in accordance with the provisions of this chapter and the bond resolution to the payment of debt service on bonds issued by the board under the authority contained in this chapter.

#### 262A.13 REPORTS TO GENERAL ASSEMBLY.

The state board of regents shall determine, in consultation with the legislative services agency, the financial information to be included in line item budget information for projects funded by the issuance of bonds or notes under this chapter and shall submit the line item budget information to the general assembly as requested. The state board of regents shall submit quarterly reports to the general assembly concerning the projects funded by the issuance of bonds or notes under this chapter as follows:

1. Identification of both undercharges and overcharges for line items of projects.
2. Identification of contracts in which any line item for a project exceeds the adopted budget for that line item by ten percent or more.
3. Identification of complaints received by an institution regarding the construction of a project.

If the state board of regents approves a change in the amount of the line item of a budget for a project, the change shall be transmitted to the appropriations committees of the house of representatives and senate, while the general assembly is in session, and to the legislative council, when the general assembly is not in session, for review.

#### 262A.14 ALTERNATIVE AND INDEPENDENT METHOD.

This chapter shall be construed as providing an alternative and independent method for carrying out any project at any institution of higher learning under the control of the state board of regents, for the issuance and sale or exchange of bonds in connection therewith and for refunding bonds pertinent thereto, without reference to any other statute, and shall not be construed as an amendment of or subject to the provisions of any other law, and no publication of any notice, whether under section 73A.12 or otherwise, and no other or further proceedings in respect to the issuance or sale or exchange of bonds under this chapter shall be required except such as are prescribed by this chapter, any provisions of other statutes of the state to the contrary notwithstanding.