

March 15, 1967
Passed on File
On Calendar 3-16

Senate File 532

By COMMITTEE ON EDUCATION

Substituted for H. F. 658, 5-23-67

Passed Senate, Date 4-4-67

Passed House, Date 5-24-67

Vote: Ayes 40 Nays 17

Vote: Ayes 78 Nays 32

*Passed
Senate as amended
by conference committee
6-9-67; 51-5*

Approved

June 13, 1967

A BILL FOR.

*Conference Committee appointed
6-5 Smith, Pelton, Bailey, McCarty,
6-6 Nurse, Blum, Hagdorn, Bigler*

*Passed House as amended by the
Conference Committee 6-9; 75-20*

An Act authorizing the state board of regents to acquire by gift, purchase, lease or construction and to reconstruct, complete, equip, improve, repair, remodel, operate, control, maintain and manage medical and hospital buildings and facilities, and additions to such buildings and facilities, for the use of the hospitals and medical clinics of the state university of Iowa, to acquire and improve property therefor, and to borrow money and issue bonds or notes payable solely from income received by said hospitals and clinics, and to refund bonds, notes or other obligations payable from such revenues.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. The following words or terms, as used in this Act,
- 2 shall have the respective meanings as stated:
- 3 1. "Board" shall mean the state board of regents.
- 4 2. "Institution" shall mean the state university of Iowa.
- 5 3. "Buildings and facilities" shall mean buildings to be used
- 6 primarily for service, clinical instructional and clinical re-
- 7 search purposes in the field of medicine and such other facili-
- 8 ties as are deemed necessary by the board to support and carry
- 9 out the service, instructional, and research objectives of the
- 10 hospitals, medical clinics, and medical service laboratories of
- 11 the institution, including, without limiting the generality of
- 12 the foregoing, hospital buildings, clinic buildings, laboratory
- 13 buildings, clinical staff facilities, building for housing in-
- 14 terns, resident physicians and nurses, and medical record and
- 15 film storage buildings, or any combination thereof.
- 16 4. "Project" shall mean the acquisition by gift, purchase,
- 17 lease, or construction of buildings and facilities and additions

18 to such buildings and facilities, the reconstruction, completion,
19 equipment, improvement, repair, or remodeling of buildings and
20 facilities, including the demolition of existing buildings and
21 facilities which are to be replaced, and the acquisition of prop-
22 erty of every kind and description, whether real, personal or
23 mixed, for buildings and facilities by gift, purchase, lease,
24 condemnation, or otherwise and the improvement of the same or any
25 combination of the foregoing.

26 5. "Hospital income" shall mean the income and funds received
27 by the hospitals, medical service clinics, and medical service lab-
28 oratories of the state university of Iowa, including the proceeds
29 of rates, fees, and charges for services rendered by said hospitals,
30 clinics, and laboratories, but excluding state appropriations to
31 the institution.

32 6. "Bonds or notes" shall mean revenue bonds or revenue notes
33 which are payable solely and only from hospital income.

1 Sec. 2. Subject to and in accordance with the provisions of
2 this Act, the state board of regents is hereby authorized to under-
3 take and carry out any project as defined in this Act at the
4 state university of Iowa, and to operate, control, maintain, and
5 manage buildings and facilities and additions to such buildings
6 and facilities at said institution. All contracts for the con-
7 struction, reconstruction, completion, equipment, improvement,
8 repair, or remodeling of any buildings, additions, or facilities
9 shall be let in accordance with the provisions of section two
10 hundred sixty-two point thirty-four (262.34) of the Code. The
11 title to all real estate acquired under the provisions of this
12 Act and the improvements erected thereon shall be taken and held
13 in the name of the state of Iowa.

1 Sec. 3. The board is authorized to borrow money and to issue
2 and sell negotiable bonds or notes to pay all or any part of the
3 cost of carrying out any project at the institution and to refund
4 and refinance bonds or notes issued for any project or for refund-
5 ing purposes at the same rate or at a lower rate. Such bonds or
6 notes shall be sold by the board at public sale on the basis of

7 sealed proposals received pursuant to a notice specifying the
8 time and place of sale and the amount of bonds to be sold which
9 shall be published at least once not less than seven (7) days
10 prior to the date of sale in a newspaper published in the state
11 of Iowa and having a general circulation in the state. The pro-
12 visions of chapter seventy-five (75) of the Code shall not apply
13 to bonds or notes issued under authority contained in this Act,
14 but such bonds or notes shall be sold upon terms of not less
15 than par plus accrued interest. Bonds or notes issued to re-
16 fund other bonds or notes issued under the provisions of this
17 Act may either be sold in the manner specified in this Act and
18 the proceeds thereof applied to the payment of the obligations
19 being refunded, or the refunding bonds or notes may be exchanged
20 for and in payment and discharge of the obligations being refunded.
21 The refunding bonds or notes may be sold or exchanged in install-
22 ments at different times or an entire issue or series may be
23 sold or exchanged at one (1) time. Any issue or series of refund-
24 ing bonds or notes may be exchanged in part or sold in parts in
25 installments at different times or at one (1) time. The refunding
26 bonds or notes may be sold or exchanged at any time on, before,
27 or after the maturity of any of the outstanding notes, bonds, or
28 other obligations to be refinanced thereby and may be issued for
29 the purpose of refunding a like or greater principal amount of
30 bonds or notes, except that the principal amount of the refunding
31 bonds or notes may exceed the principal amount of the bonds or
32 notes to be refunded to the extent necessary to pay any premium
33 due on the call of the bonds or notes to be refunded or to fund
34 interest in arrears or about to become due.

35 All bonds or notes issued under the provisions of this Act
36 shall be payable solely and only from and shall be secured by an
37 irrevocable pledge of a sufficient portion of the hospital in-
38 come of the institution. All bonds or notes issued under the
39 provisions of this Act shall have all the qualities of negotiable
40 instruments under the laws of this state.

1 Sec. 4. Such bonds or notes may bear such date or dates, may

2 bear interest at such rate or rates, payable semiannually, may
3 mature at such time or times, may be in such form and denomina-
4 tions, carry such registration privileges, may be payable at such
5 place or places, may be subject to such terms of redemption prior
6 to maturity with or without premium, if so stated on the face
7 thereof, and may contain such terms and covenants, including the
8 establishment of reserves, all as may be provided by the resolu-
9 tion of the board authorizing the issuance of the bonds or notes.
10 In addition to the estimated cost of construction, including site
11 costs, the cost of the project may include interest upon the bonds
12 or notes during construction and for six (6) months after the
13 estimated completion date, the compensation of a fiscal agent or
14 adviser, engineering, architectural, administrative, and legal ex-
15 penses and provision for contingencies. Such bond or notes shall
16 be executed by the president of the state board of regents and
17 attested by the executive secretary, secretary, or other official
18 thereof performing the duties of secretary, and the coupons thereto
19 attached shall be executed with the original or facsimile signa-
20 tures of said president, executive secretary, secretary, or other
21 official; provided, however, that the facsimile signature of either
22 of such officers executing such bonds may be imprinted on the face
23 of the bonds in lieu of the manual signature of such officer, but
24 at least one (1) of the signatures appearing on the face of each
25 bond shall be a manual signature. Any bonds or notes bearing the
26 signatures of officers in office on the date of the signing thereof
27 shall be valid and binding for all purposes, notwithstanding that
28 before delivery thereof any or all such persons whose signatures
29 appear thereon shall have ceased to be such officers. Each such
30 bond or note shall state upon its face the name of the institu-
31 tion on behalf of which it is issued, that it is payable solely
32 and only from hospital income received by such institution as
33 provided in this Act, and that it does not constitute a debt of
34 or charge against the state of Iowa within the meaning or applica-
35 tion of any constitutional or statutory limitation or provision.
36 The issuance of such bonds or notes shall be recorded in the office

37 of the treasurer of the institution, and a certificate by such
38 treasurer to this effect shall be printed on the back of each
39 such bond or note.

1 Sec. 5. Upon the determination by the state board of regents
2 to undertake and carry out any project or to refund outstanding
3 bonds or notes, said board shall adopt a resolution describing
4 generally the contemplated project and setting forth the esti-
5 mated cost thereof, or describing the obligations to be refunded,
6 fixing the amount of bonds or notes to be issued, the maturity
7 or maturities, the interest rate or rates, and all details in re-
8 spect thereof. Such resolution shall contain such covenants as
9 may be determined by the board as to the issuance of additional
10 bonds or notes that may thereafter be issued payable from the
11 hospital income received by the institution, the amendment or
12 modification of the resolution authorizing the issuance of any
13 bonds or notes, the manner, terms, and conditions and the amount
14 or percentage of assenting bonds or notes necessary to effectuate
15 such amendment or modification, and such other covenants as may
16 be deemed necessary or desirable. In the discretion of the board,
17 any bonds or notes issued under the terms of this Act may be se-
18 cured by a trust indenture by and between the board and a cor-
19 porate trustee, which may be any trust company or bank having the
20 powers of a trust company within or without the boundaries of the
21 state of Iowa, but no such trust indenture shall convey or mort-
22 gage the buildings and facilities or any part thereof. The pro-
23 visions of this Act and of any resolution or other proceedings
24 authorizing the issuance of bonds or notes and providing for the
25 establishment and maintenance of adequate rates, fees, and charges
26 for services rendered by the hospitals, medical clinics, and med-
27 ical laboratories of the institution and the application of the
28 proceeds thereof, together with other hospital income, shall con-
29 stitute a contract with the holders of such bonds or notes.

1 Sec. 6. Whenever bonds or notes are issued by the state board
2 of regents, it shall be the duty of said board to establish, im-
3 pose, and collect rates, fees, and charges for services rendered

4 by the hospitals, medical clinics, and medical laboratories of
5 the institution and to adjust such rates, fees, and charges from
6 time to time, in order to always provide amounts which, together
7 with other hospital income, will be sufficient to pay the prin-
8 cipal of and interest on such bonds or notes as the same become
9 due and to maintain a reserve therefor, and said board is author-
10 ized to pledge a sufficient amount of the hospital income received
11 by such institution for this purpose. All bonds or notes issued
12 under the terms of this Act shall be exempt from taxation by the
13 state of Iowa and the interest thereon shall be exempt from the
14 state income tax.

1 Sec. 7. A certified copy of each resolution providing for the
2 issuance of bonds or notes under this Act shall be filed with the
3 treasurer of the institution and it shall be the duty of said
4 treasurer to keep and maintain separate accounts for each issue
5 of bonds or notes in accordance with the covenants and directions
6 set out in the resolution providing for the issuance thereof. A
7 sufficient portion of the hospital income received by the institu-
8 tion shall be held in trust by the treasurer thereof, separate
9 and apart from all other funds, to be used solely and only for
10 the purposes specified in this Act and as may be required and
11 provided for by the proceedings of the board authorizing the is-
12 suance of bonds or notes. It shall be the duty of the treasurer
13 of the institution to disburse funds from the proper account for
14 the payment of the principal of and interest on the bonds or notes
15 in accordance with the directions and covenants of the resolution
16 authorizing the issuance thereof.

1 Sec. 8. Under no circumstances shall any bonds or notes issued
2 under the terms of this Act be or become or be construed to con-
3 stitute a debt of or a charge against the state of Iowa within
4 the purview of any constitutional or statutory limitation or pro-
5 vision. No taxes, or other funds of the state of Iowa appropri-
6 ated to the institution may be pledged for or used to pay such
7 bonds or notes or the interest thereon but any such bonds or notes
8 shall be payable solely and only as to both principal and interest

9 from the hospital income received by the institution as herein-
10 before provided, and the sole remedy for any breach or default
11 of the terms of any such bonds or notes or proceedings for their
12 issuance shall be a proceeding either in law or in equity by suit,
13 action, or mandamus to enforce and compel performance of the duties
14 required by this Act and the terms of the resolution under which
15 such bonds or notes are issued.

1 Sec. 9. All banks, trust companies, bankers, savings banks
2 and institutions, building and loan associations, savings and
3 loan associations, investment companies, and other persons carry-
4 ing on a banking or investment business, all insurance companies,
5 insurance associations, and other persons carrying on an insurance
6 business and all executors, administrators, guardians, trustees,
7 and other fiduciaries may legally invest any sinking funds, moneys,
8 or other funds belonging to them or within their control in any
9 bonds or notes issued pursuant to this Act; provided, however,
10 that nothing contained in this section may be construed as re-
11 lieving any persons from any duty of exercising reasonable care
12 in selecting securities for purchase or investment.

1 Sec. 10. The state board of regents is authorized to apply
2 for and accept federal or non-federal gifts, loans, or grants of
3 funds and to use the same to pay all or any part of the cost of
4 carrying out any project at the institution under the terms of
5 this Act or to pay any bonds or notes and interest thereon issued
6 for any of the purposes specified in this Act.

1 Sec. 11. This Act shall be construed as providing an alterna-
2 tive and independent method for carrying out any project at the
3 institution, for the issuance and sale or exchange of bonds or
4 notes in connection therewith, and for refunding bonds or notes
5 pertinent thereto, without reference to any other statute, and
6 shall not be construed as an amendment of or subject to the pro-
7 visions of any other law, and no publication of any notice,
8 whether under section twenty-three point twelve (23.12) of the
9 Code or otherwise, and no other or further proceedings in respect
10 to the issuance or sale or exchange of bonds or notes under this

11 Act shall be required except such as are prescribed by this Act,
12 any provisions of other statutes of the state to the contrary not-
13 withstanding.

1 Sec. 12. If any provisions of this Act or the application
2 thereof to any person or circumstances is held to be invalid,
3 such invalidity shall not affect other provisions or applications
4 of the Act which can be given effect without the invalid provi-
5 sions or application, and to this end the provisions of this Act
6 are declared to be severable.

- 1 Amend Senate File #532 as follows:
- 2 Amend section one (1) by inserting after the word
- 3 "medicine" in line seven (7) the words "with particular
- 4 emphasis on the family practice of medicine.

Filed - *adopted 4-4,*
March 30, 1967

By DeKOSTER and LODWICK

- 1 Amend Senate File 532 as follows:
- 2 1. By inserting in line two (2), section two (2)
- 3 after the word "authorized" the words ", with the
- 4 approval of the general assembly".

Filed and adopted
April 4, 1967

By KRUCK and HILL

- 1 Amend the Kruck-Hill amendment to Senate File
- 2 532 by striking the words ", with the approval
- 3 of the general assembly" and inserting in lieu
- 4 thereof the words ", after review by the general
- 5 assembly".

Filed and adopted
April 4, 1967

By FROMMELT

- 1 Amend Senate File 532 as follows:
 2 1. In Section 2, line two (2) after the word "authorized"
 3 strike the words ", after review by the general assembly" and
 4 insert in lieu thereof the words ", with the approval of the
 5 general assembly".
 6 2. In Section 11, line two (2) insert after the word
 7 "project" the words "related to the medical school and any
 8 project related to the hospital".

Filed and adopted - *Div 1 & 2 (24th)*
 May 23, 1967

BAILEY of Wright.
 VAN NOSTRAND of Pottawattamie.

- 1 Amend Senate File 532 by adding the following section:
 2 "Sec. 13. This Act being deemed of immediate importance
 3 shall be in full force and effect from and after its passage and
 4 publication in The Clinton Herald, a newspaper published at
 5 Iowa; and in The Paullina Times, a newspaper published at
 6 Paullina, Iowa.

Filed and adopted *Senate refused to concur 6-2*
 May 24, 1967 *House insisted 6-5*

PELTON of Clinton.

- 1 Amend Senate File 532 by adding the following new section:
 2 "The hospitals, clinics, or laboratories of the University
 3 of Iowa may increase the rates, fees, or charges to non-
 4 indigent patients an amount sufficient to produce the add-
 5 itional revenue needed to retire the bonds. Rates, fees,
 6 or charges to nonindigent patients shall not include any
 7 costs attributable to the care of indigent patients. Any
 8 hospital service corporation shall be required to reimburse
 9 the hospitals, clinics, or laboratories of the University
 10 of Iowa at rates, fees, or charges equal to those required
 11 of nonindigent patients that are not subscribers."

Filed and adopted *as amended*
 May 24, 1967 *House insisted 6-5*
Senate refused to concur 6-2

FISCHER of Grundy.
 MALONEY of Polk.

- 1 Amend the Fischer-Maloney amendment to Senate File 532,
 2 filed May 24, 1967, by striking the period in line eleven (11)
 3 inserting in lieu thereof the following: "for equal services." and

Filed and adopted *Senate refused to concur 6-2*
 May 24, 1967 *House insisted 6-5*

GANNON of Jasper.
 MILLEN of Van Buren.

1 Amend Senate File 532 by adding the following
2 section:
3 "Sec. 13. This Act being deemed of immediate
4 importance shall be in full force and effect from
5 and after its passage and publication in The Clinton
6 Herald, a newspaper published at Clinton, Iowa, and
7 in The Paullina Times, a newspaper published at
8 Paullina, Iowa.

Filed - *Withdrawn 5-23-67*
May 9, 1967

PELTON of Clinton.

1 Amend Senate File 532 as follows:
2 1. By inserting in line two (2), section two (2),
3 after the word "review" the words "and approval".

Filed - *Withdrawn 5-24*
May 23, 1967

BEARDSLEY of Polk.

1 Amend Senate File 532 as follows:
2 By adding after the word "institution." in line
3 thirty-one (31) of Section one (1) the following
4 new sentence: "The hospitals, medical service clinics,
5 or medical service laboratories of the University
6 of Iowa shall be reimbursed by any hospital service
7 corporation at rates, fees, or charges equal to the
8 rates, fees or charges or non-indigent patients
9 that are not subscribers.

Filed - *Withdrawn 5-24*
May 23, 1967

MALONEY of Polk.
FISCHER of Grundy.

1 Amend the Fischer-Maloney amendment to Senate File 532,
2 filed May 24, 1967, as follows:
3 1. By inserting after the word "corporation" in line eight
4 (8) the words "or any commercial insurance company".
5 2. By inserting after the word "the" in line nine (9) the
6 word "participating".
7 3. By inserting after the word "subscribers" in line eleven
8 (11) the words "or policyholders".

Filed and lost
May 24, 1967

PELTON of Clinton.

REPORT OF CONFERENCE COMMITTEE

ON SENATE FILE 532

House adopted 6-9-67
Senate adopted 6-9-67

TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

We, the undersigned members of the Conference Committee appointed to consider the differences between the Senate and the House on Senate File 532, a bill for an Act authorizing the state board of regents to acquire by gift, purchase, lease or construction and to reconstruct, complete, equip, improve, repair, remodel, operate, control, maintain and manage medical and hospital buildings and facilities, and additions to such buildings and facilities, for the use of the hospitals and medical clinics of the state university of Iowa, to acquire and improve property therefor, and to borrow money and issue bonds or notes payable solely from income received by said hospitals and clinics, and to refund bonds, notes or other obligations payable from such revenues, begs leave to report and to make the following recommendations:

1. Amend Senate File 532 as amended by the House by striking in line two (2), Section two (2) the words "is hereby authorized with the approval of the general assembly to" and inserting in lieu thereof the following: "after authorization by a constitutional majority of the general assembly may".

2. Further amend Section two (2) by inserting a period after the word "Iowa" in line four (4).

3. Further amend Section two (2) by striking the first "and" in line four (4) and inserting "The state board of regents is authorized".

4. Strike the House amendment filed and adopted May 24, 1967 as amended which added the following as a new section:

"The hospitals, clinics, or laboratories of the university of Iowa may increase the rates, fees, or charges to nonindigent patients an amount sufficient to produce the additional revenue needed to retire the bonds. Rates, fees or charges to nonindigent patients shall not include any costs attributable to the care of indigent patients. Any hospital service corporation shall be required to reimburse the hospitals, clinics, or laboratories of the university of Iowa at rates, fees, or charges equal to those required of nonindigent patients that are not subscribers for equal service."

5. Concur in the balance of the House amendments.

H. KENNETH NURSE, Chairman
GILBERT E. KLEFSTAD
GENE W. GLENN
ROBERT R. RIGLER
On the Part of the Senate

MARVIN W. SMITH, Chairman
CHARLES H. PELTON
RALPH McCARTNEY
ROY BAILEY
On the Part of the House