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SENATE FILE 1325

By COMMITTEE ON CITIES

Sub. for H. 7, 1487

Passed Senate, Date 5-19-76 (p. 2078) Passed House, Date 5-19-76 (p. 2904)

Vote: Ayes 44 Nays 0 Vote: Ayes 89 Nays 0

Approved 5-28-76

A BILL FOR

1 An Act relating to bonds and pledge orders issued by cities.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section three hundred eighty-four point eighty-
2 two (384.82), Code 1975, as amended by Acts of the Sixty-sixth
3 General Assembly, 1975 Session, chapter two hundred three
4 (203), section thirty-six (36), is amended to read as follows:
5 384.82 PROCEDURE FOR FINANCING.

6 1. A city may carry out projects, borrow money, and is-
7 sue revenue bonds and pledge orders to pay all or part of
8 the cost of projects, such revenue bonds and pledge orders
9 to be payable solely and only out of the net revenues of the
10 city utility, combined utility system, city enterprise, or
11 combined city enterprise involved in the project. The cost
12 of a project includes the construction contracts, interest
13 upon the revenue bonds and pledge orders during the period
14 or estimated period of construction and for twelve months
15 thereafter, or for twelve months after the acquisition date,
16 such reserve funds as the governing body may deem advisable
17 in connection with the project and the issuance of revenue
18 bonds and pledge orders, and the cost of engineering,
19 architectural, technical, and legal services, preliminary
20 reports, surveys, property valuations, estimates, plans,
21 specifications, notices, acquisition of real and personal
22 property, consequential damages or costs, easements, rights
23 of way, supervision, inspection, testing, publications,
24 printing and sale of bonds and provisions for contingencies.
25 A city may sell revenue bonds at public or private sale in
26 the manner prescribed by chapter 75 and may deliver revenue
27 bonds and pledge orders to the contractors, sellers, and other
28 persons furnishing materials and services constituting a part
29 of the cost of the project in payment therefor.

30 2. A city may issue revenue bonds to refund revenue bonds,
31 pledge orders, and other obligations which are by their terms
32 payable from the net revenues of the same city utility,
33 combined utility system, city enterprise, or combined city
34 enterprise, or from a city utility comprising a part of the
35 combined utility system or a city enterprise comprising a

1 part of the combined city enterprise, at lower, the same,
2 or higher rates of interest. A city may sell refunding revenue
3 bonds at public or private sale in the manner prescribed by
4 chapter 75 and apply the proceeds thereof to the payment of
5 the obligations being refunded, and may exchange refunding
6 revenue bonds in payment and discharge of the obligations
7 being refunded. The principal amount of any refunding re-
8 venue bonds may exceed the principal amount of the obligations
9 being refunded to the extent necessary to pay any premium
10 due on the call of the obligations being refunded and to fund
11 interest accrued ~~en-and-prior-to-the-delivery-of-the-refunding~~
12 ~~revenue-bonds~~ and to accrue on the obligations being refunded.

13 EXPLANATION

14 This bill provides that the cost of a project carried out
15 by a city shall include reserve funds that the governing body
16 deems advisable in connection with the project and the issuance
17 of revenue bonds and pledge orders. It also provides that
18 the principal amount of any refunding revenue bonds may exceed
19 the principal amount of the obligations being refunded to
20 the extent necessary to fund interest to accrue on the
21 obligations being refunded.

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LSB 4318S
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AN ACT

RELATING TO BONDS AND PLEDGE ORDERS ISSUED BY CITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section three hundred eighty-four point eighty-two (384.82), Code 1975, as amended by Acts of the Sixty-sixth General Assembly, 1975 Session, chapter two hundred three (203), section thirty-six (36), is amended to read as follows:

384.82 PROCEDURE FOR FINANCING.

1. A city may carry out projects, borrow money, and issue revenue bonds and pledge orders to pay all or part of the cost of projects, such revenue bonds and pledge orders to be payable solely and only out of the net revenues of the city utility, combined utility system, city enterprise, or combined city enterprise involved in the project. The cost of a project includes the construction contracts, interest upon the revenue bonds and pledge orders during the period or estimated period of construction and for twelve months thereafter, or for twelve months after the acquisition date, such reserve funds as the governing body may deem advisable in connection with the project and the issuance of revenue bonds and pledge orders, and the cost of engineering, architectural, technical, and legal services, preliminary reports, surveys, property valuations, estimates, plans, specifications, notices, acquisition of real and personal property, consequential damages or costs, easements, rights of way, supervision, inspection, testing, publications, printing and sale of bonds and provisions for contingencies. A city may sell revenue bonds at public or private sale in the manner prescribed by chapter 75 and may deliver revenue bonds and pledge orders to the contractors, sellers, and other persons furnishing materials and services constituting a part of the cost of the project in payment therefor.

2. A city may issue revenue bonds to refund revenue bonds,

pledge orders, and other obligations which are by their terms payable from the net revenues of the same city utility, combined utility system, city enterprise, or combined city enterprise, or from a city utility comprising a part of the combined utility system or a city enterprise comprising a part of the combined city enterprise, at lower, the same, or higher rates of interest. A city may sell refunding revenue bonds at public or private sale in the manner prescribed by chapter 75 and apply the proceeds thereof to the payment of the obligations being refunded, and may exchange refunding revenue bonds in payment and discharge of the obligations being refunded. The principal amount of any refunding revenue bonds may exceed the principal amount of the obligations being refunded to the extent necessary to pay any premium due on the call of the obligations being refunded and to fund interest accrued ~~on-and-prior-to-the-delivery-of-the-refunding revenue-bonds~~ and to accrue on the obligations being refunded.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 1325, Sixty-sixth General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved May 28, 1976

ROBERT D. RAY
Governor