

See Gg 4/6/87

FILED MAR 19 1987

SENATE FILE 463
BY COMMITTEE ON AGRICULTURE
(formerly SSB 216)
Approved (p. 789)

Passed Senate, Date 4-7-87 (p. 1125) Passed House, Date 4-14-87 (p. 1329)
Vote: Ayes 44 Nays 6 Vote: Ayes 92 Nays 0
Approved April 27, 1987 (p. 1542)

A BILL FOR

1 An Act relating to the development and implementation by the
2 agricultural development authority of programs to provide
3 economic assistance on behalf of agricultural producers within
4 the state and providing an effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SF-463

1 Section 1. Section 175.2, subsection 3, Code 1987, is
2 amended to read as follows:

3 3. "Agricultural producer" means a person engaged that
4 engages or wishes to engage in the business of producing and
5 marketing agricultural produce in this state.

6 Sec. 2. Section 175.4, Code 1987, is amended by adding the
7 following new subsections:

8 NEW SUBSECTION. 19. A serious problem continues to exist
9 in this state regarding the ability of agricultural producers
10 to obtain, retain, restructure, or service loans or other
11 financing on a reasonable and affordable basis for operating
12 expenses, cash flow requirements, and capital asset acqui-
13 sition or maintenance.

14 NEW SUBSECTION. 20. Because the Iowa economy is dependent
15 upon the production and marketing of agricultural produce, the
16 inability of agricultural producers to obtain, retain,
17 restructure, or service loans or other financing on a
18 reasonable and an affordable basis for operating expenses,
19 cash flow requirements, or capital asset acquisition or
20 maintenance contributes to a general decline of the state's
21 economy.

22 Sec. 3. Section 175.8, subsection 12, Code 1987, is
23 amended to read as follows:

24 12. In co-operation with other local, state or federal
25 governmental agencies or instrumentalities, conduct studies of
26 beginning farmer or agricultural producer agricultural needs,
27 and gather and compile data useful to facilitate decision
28 making.

29 Sec. 4. Section 175.10, Code 1987, is amended to read as
30 follows:

31 175.10 SURPLUS MONEYS.

32 Moneys declared by the authority to be surplus moneys which
33 are not required to service bonds and notes, to pay
34 administrative expenses of the authority or to accumulate
35 necessary operating or loss reserves, shall be used by the

1 authority to provide loans, grants, subsidies, and other
2 services or assistance to beginning farmers or agricultural
3 producers through any of the programs authorized in this
4 chapter.

5 Sec. 5. Section 175.13A, Code 1987, is amended to read as
6 follows:

7 175.13A FINANCIAL ASSISTANCE FOR AGRICULTURAL PRODUCERS.

8 1. ~~The~~ In addition to the other programs authorized
9 pursuant to this chapter, the authority shall is authorized to
10 provide any type of economic assistance directly or indirectly
11 to agricultural producers, and may develop and implement
12 programs including, but not limited to, the making of loan
13 guarantees, interest buy-downs, grants, or secured or
14 unsecured direct loans, secondary market purchases of loans or
15 mortgages, loans to mortgage lenders, lending institutions,
16 other agricultural lenders as designated by rule of the
17 authority, or entities that provide funds or credits to such
18 lenders or institutions, to assist agricultural producers
19 within the state. The authority shall may exercise any of the
20 powers granted to it in this chapter in order to fulfill the
21 goal of providing financial assistance to agricultural
22 producers. The authority may participate in and cooperate
23 with programs of any agency or instrumentality of the federal
24 government or with programs of any other state agency in the
25 administration of the agricultural-producer-loan-program
26 programs to provide economic assistance to agricultural
27 producers.

28 2. The authority shall provide in ~~an agricultural-producer~~
29 ~~loan~~ any program developed and implemented pursuant to this
30 section that a-loan-guarantee, interest-buy-down, grant, or
31 secured-direct-loan assistance shall be provided only if the
32 following criteria are satisfied:

33 a. The agricultural producer is a resident of the state.

34 b. The agricultural producer's land and farm operations
35 are located within the state.

1 c. Based upon the agricultural producer's net worth, cash
2 flow, debt-to-asset ratio, and other criteria as prescribed by
3 rule of the authority, the authority determines that without
4 such assistance the agricultural producer could not reasonably
5 be expected to be able to obtain, retain, restructure, or
6 service loans or other financing for operating expenses, cash
7 flow requirements, or capital acquisition and maintenance upon
8 a reasonable and affordable basis.

9 d. Other criteria as the authority prescribes by rule.

10 3. The authority is granted all powers which are necessary
11 or useful to develop and implement programs and authorizations
12 pursuant to subsection 1. These powers include, but are not
13 limited to:

14 a. All general powers stated in section 175.6.

15 b. The power to make or enter into or to require the mak-
16 ing or entry into of agreements of any type, with or by any
17 person, that are necessary to effect the purposes of this
18 section. These agreements may include, but are not limited to
19 contracts, notes, bonds, guarantees, mortgages, loan agree-
20 ments, trust indentures, reimbursement agreements, letters of
21 credit or other liquidity or credit enhancement agreements,
22 reserve agreements, loan or mortgage purchase agreements, buy-
23 down agreements, grants, collateral or security agreements,
24 insurance contracts, or other similar documents. The agree-
25 ments may contain any terms and conditions which the authority
26 determines are reasonably necessary or useful to implement the
27 purposes of this section or which are usually included in
28 agreements or documents between private or public persons in
29 similar transactions.

30 c. The power to issue its bonds or notes and expend or
31 commit moneys for the purposes set forth in subsection 1. The
32 authority may provide in the documents authorizing its bonds
33 or notes that their principal and interest shall be limited
34 obligations payable solely out of the revenues derived from a
35 specific program or source and do not constitute an indebted-

1 ness of the authority or a charge against the authority's
2 general credit or general fund. Alternatively, the authority
3 may provide that the principal and interest of specified bonds
4 or notes do constitute an indebtedness of the authority and a
5 charge against the authority's general credit or general fund.

6 d. The power to participate in any federal or other state
7 program designed to assist agricultural producers or in
8 related federal or state programs.

9 e. The power to require submission of evidence satisfac-
10 tory to the authority of the receipt by an agricultural
11 producer of the assistance intended under a program developed
12 and implemented pursuant to this section. In that connection,
13 the authority, through its members, employees or agents, may
14 inspect the books and records of any person receiving or
15 involved in the provision of assistance in accordance with
16 this section.

17 f. The power to establish by rule appropriate enforcement
18 provisions in order to assure compliance with this section and
19 rules adopted pursuant to this section, to seek the
20 enforcement of such rules and the terms of any agreement or
21 document by decree of any court of competent jurisdiction, and
22 to require as a condition of providing assistance pursuant to
23 this section the consent of any person receiving or involved
24 in the provision of the assistance to the jurisdiction of the
25 courts of this state over any enforcement proceeding.

26 g. The power to require, as a condition of the provision
27 of assistance pursuant to this section, any representations
28 and warranties on the part of any person receiving or involved
29 in providing such assistance that the authority determines are
30 reasonably necessary or useful to carry out the purposes of
31 this section. A person receiving or involved in providing
32 assistance pursuant to this section is liable to the authority
33 for damages suffered by the authority by reason of a
34 misrepresentation or the breach of a warranty.

35 4. All persons, public and private, are authorized to

1 rently so engaged.

2 Section 2 states legislative findings that agricultural
3 producers in this state have a serious problem obtaining,
4 retaining, restructuring, or servicing loans or financing on a
5 reasonable and affordable basis for operating expenses, cash
6 flow requirements, and capital asset acquisition or
7 maintenance, which contributes to a general decline of the
8 state's economy.

9 Sections 3, 4, and 5 provide for the scope and powers of
10 the agricultural development authority in developing and
11 implementing programs to provide direct and indirect economic
12 assistance to agricultural producers within the state.

13 Section 6 amends the bond and note issuing capacity of the
14 agricultural development authority by removing the statutory
15 limit on the principal amount of bonds and notes which the
16 agricultural development authority may have outstanding at any
17 one time. This amendment does not affect the current
18 statutory limitations that the bonds or notes of the agri-
19 cultural development authority are not obligations of the
20 state or any political subdivision of the state other than the
21 agricultural development authority and that the agricultural
22 development authority shall not pledge the credit or taxing
23 power of the state or any political subdivision of the state
24 other than the agricultural development authority.

25 Section 7 provides an early effective date.

26

27

28

29

30

31

32

33

34

35

SS B #216
Agriculture
Now SF 463

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the development and implementation by the
2 agricultural development authority of programs to provide
3 economic assistance on behalf of agricultural producers within
4 the state and providing an effective date.

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

SUB COMMITTEE ASSIGNMENTS
CHAIR: *Hall*
COMMITTEE: *Agriculture*
3/14/87

1 Section 1. Section 175.2, subsection 3, Code 1987, is
2 amended to read as follows:

3 3. "Agricultural producer" means a person engaged that
4 engages or wishes to engage in the business of producing and
5 marketing agricultural produce in this state.

6 Sec. 2. Section 175.4, Code 1987, is amended by adding the
7 following new subsections:

8 NEW SUBSECTION. 19. A serious problem continues to exist
9 in this state regarding the ability of agricultural producers
10 to obtain, retain, restructure, or service loans or other
11 financing on a reasonable and affordable basis for operating
12 expenses, cash flow requirements, and capital asset acquisi-
13 tion or maintenance.

14 NEW SUBSECTION. 20. Because the Iowa economy is dependent
15 upon the production and marketing of agricultural produce, the
16 inability of agricultural producers to obtain, retain,
17 restructure, or service loans or other financing on a
18 reasonable and an affordable basis for operating expenses,
19 cash flow requirements, or capital asset acquisition or
20 maintenance contributes to a general decline of the state's
21 economy.

22 Sec. 3. Section 175.6, subsection 12, Code 1987, is
23 amended to read as follows:

24 12. In co-operation with other local, state or federal
25 governmental agencies or instrumentalities, conduct studies of
26 beginning farmer or agricultural producer agricultural needs,
27 and gather and compile data useful to facilitate decision
28 making.

29 Sec. 4. Section 175.10, Code 1987, is amended to read as
30 follows:

31 175.10 SURPLUS MONEYS.

32 Moneys declared by the authority to be surplus moneys which
33 are not required to service bonds and notes, to pay
34 administrative expenses of the authority or to accumulate
35 necessary operating or loss reserves, shall be used by the

1 authority to provide loans, grants, subsidies, and other
2 services or assistance to beginning farmers or agricultural
3 producers through any of the programs authorized in this
4 chapter.

5 Sec. 5. Section 175.13A, Code 1987, is amended to read as
6 follows:

7 175.13A FINANCIAL ASSISTANCE FOR AGRICULTURAL PRODUCERS.

8 1. ~~The~~ In addition to the other programs authorized
9 pursuant to this chapter, the authority shall is authorized to
10 provide any type of economic assistance directly or indirectly
11 to agricultural producers, and may develop and implement
12 programs including, but not limited to, the making of loan
13 guarantees, interest buy-downs, grants, or secured or
14 unsecured direct loans, secondary market purchases of loans or
15 mortgages, loans to mortgage lenders, lending institutions,
16 other agricultural lenders as designated by rule of the
17 authority, or entities that provide funds or credits to such
18 lenders or institutions, to assist agricultural producers
19 within the state. The authority shall may exercise any of the
20 powers granted to it in this chapter in order to fulfill the
21 goal of providing financial assistance to agricultural
22 producers. The authority may participate in and cooperate
23 with programs of any agency or instrumentality of the federal
24 government or with programs of any other state agency in the
25 administration of the agricultural-producer-loan-program
26 programs to provide economic assistance to agricultural
27 producers.

28 2. The authority shall provide in ~~an-agricultural-producer~~
29 ~~loan~~ any program developed and implemented pursuant to this
30 section that a-loan-guarantee,-interest-buy-down,-grant,-or
31 secured-direct-loan assistance shall be provided only if the
32 following criteria are satisfied:

33 a. The agricultural producer is a resident of the state.

34 b. The agricultural producer's land and farm operations
35 are located within the state.

1 c. Based upon the agricultural producer's net worth, cash
2 flow, debt-to-asset ratio, and other criteria as prescribed by
3 rule of the authority, the authority determines that without
4 such assistance the agricultural producer could not reasonably
5 be expected to be able to obtain, retain, restructure, or
6 service loans or other financing for operating expenses, cash
7 flow requirements, or capital acquisition and maintenance upon
8 a reasonable and affordable basis.

9 d. Other criteria as the authority prescribes by rule.

10 3. The authority is granted all powers which are necessary
11 or useful to develop and implement programs and authorizations
12 pursuant to subsection 1. These powers include, but are not
13 limited to:

14 a. All general powers stated in section 175.6.

15 b. The power to make or enter into or to require the mak-
16 ing or entry into of agreements of any type, with or by any
17 person, that are necessary to effect the purposes of this
18 section. These agreements may include, but are not limited to
19 contracts, notes, bonds, guarantees, mortgages, loan agree-
20 ments, trust indentures, reimbursement agreements, letters of
21 credit or other liquidity or credit enhancement agreements,
22 reserve agreements, loan or mortgage purchase agreements, buy-
23 down agreements, grants, collateral or security agreements,
24 insurance contracts, or other similar documents. The agree-
25 ments may contain any terms and conditions which the authority
26 determines are reasonably necessary or useful to implement the
27 purposes of this section or which are usually included in
28 agreements or documents between private or public persons in
29 similar transactions.

30 c. The power to issue its bonds or notes and expend or
31 commit moneys for the purposes set forth in subsection 1. The
32 authority may provide in the documents authorizing its bonds
33 or notes that their principal and interest shall be limited
34 obligations payable solely out of the revenues derived from a
35 specific program or source and do not constitute an indebted-

1 ness of the authority or a charge against the authority's
2 general credit or general fund. Alternatively, the authority
3 may provide that the principal and interest of specified bonds
4 or notes do constitute an indebtedness of the authority and a
5 charge against the authority's general credit or general fund.

6 d. The power to participate in any federal or other state
7 program designed to assist agricultural producers or in
8 related federal or state programs.

9 e. The power to require submission of evidence satisfac-
10 tory to the authority of the receipt by an agricultural
11 producer of the assistance intended under a program developed
12 and implemented pursuant to this section. In that connection,
13 the authority, through its members, employees or agents, may
14 inspect the books and records of any person receiving or
15 involved in the provision of assistance in accordance with
16 this section.

17 f. The power to establish by rule appropriate enforcement
18 provisions in order to assure compliance with this section and
19 rules adopted pursuant to this section, to seek the
20 enforcement of such rules and the terms of any agreement or
21 document by decree of any court of competent jurisdiction, and
22 to require as a condition of providing assistance pursuant to
23 this section the consent of any person receiving or involved
24 in the provision of the assistance to the jurisdiction of the
25 courts of this state over any enforcement proceeding.

26 g. The power to require, as a condition of the provision
27 of assistance pursuant to this section, any representations
28 and warranties on the part of any person receiving or involved
29 in providing such assistance that the authority determines are
30 reasonably necessary or useful to carry out the purposes of
31 this section. A person receiving or involved in providing
32 assistance pursuant to this section is liable to the authority
33 for damages suffered by the authority by reason of a
34 misrepresentation or the breach of a warranty.

35 4. All persons, public and private, are authorized to

1 cooperate with the authority and to participate in the
2 programs developed and implemented pursuant to this section
3 and in accordance with the rules of the authority.

4 5. The powers granted the authority under this section are
5 in addition to other powers contained in this chapter. All
6 other provisions of this chapter, except section 175.19,
7 subsection 4, apply to bonds or notes issued pursuant to
8 powers granted to the authority under this section, to reserve
9 funds, to appropriations, and to the remedies of bondholders
10 and noteholders except to the extent that they are
11 inconsistent with this section.

12 Sec. 6. Section 175.17, subsection 1, Code 1987, is
13 amended to read as follows:

14 1. The authority may issue its negotiable bonds and notes
15 in principal amounts which, in the opinion of the authority,
16 are necessary to provide sufficient funds for achievement of
17 its corporate purposes, the payment of interest on its bonds
18 and notes, the establishment of reserves to secure its bonds
19 and notes and all other expenditures of the authority incident
20 to and necessary or convenient to carry out its purposes and
21 powers. ~~However, the authority may not have a total principal~~
22 ~~amount of bonds and notes outstanding at any time in excess of~~
23 ~~one hundred fifty million dollars.~~ The bonds and notes shall
24 be deemed to be investment securities and negotiable
25 instruments within the meaning of and for all purposes of the
26 uniform commercial code.

27 Sec. 7. This Act, being deemed of immediate importance,
28 takes effect upon enactment.

29 EXPLANATION

30 1986 Iowa Acts, chapter 1026, authorized the agricultural
31 development authority to develop programs to give economic
32 assistance to agricultural producers within the state.

33 Section 1 of the bill amends the definition of agricultural
34 producer to include persons who wish to engage in producing
35 and marketing agricultural produce as well as persons cur-

1 rently so engaged.

2 Section 2 states legislative findings that agricultural
3 producers in this state have a serious problem obtaining,
4 retaining, restructuring, or servicing loans or financing on a
5 reasonable and affordable basis for operating expenses, cash
6 flow requirements, and capital asset acquisition or
7 maintenance, which contributes to a general decline of the
8 state's economy.

9 Sections 3, 4, and 5 provide for the scope and powers of
10 the agricultural development authority in developing and
11 implementing programs to provide direct and indirect economic
12 assistance to agricultural producers within the state.

13 Section 6 amends the bond and note issuing capacity of the
14 agricultural development authority by removing the statutory
15 limit on the principal amount of bonds and notes which the
16 agricultural development authority may have outstanding at any
17 one time. This amendment does not affect the current
18 statutory limitations that the bonds or notes of the agri-
19 cultural development authority are not obligations of the
20 state or any political subdivision of the state other than the
21 agricultural development authority and that the agricultural
22 development authority shall not pledge the credit or taxing
23 power of the state or any political subdivision of the state
24 other than the agricultural development authority.

25 Section 7 provides an early effective date.
26
27
28
29
30
31
32
33
34
35

SENATE FILE 463

AN ACT

RELATING TO THE DEVELOPMENT AND IMPLEMENTATION BY THE AGRICULTURAL DEVELOPMENT AUTHORITY OF PROGRAMS TO PROVIDE ECONOMIC ASSISTANCE ON BEHALF OF AGRICULTURAL PRODUCERS WITHIN THE STATE AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 175.2, subsection 3, Code 1987, is amended to read as follows:

3. "Agricultural producer" means a person engaged that engages or wishes to engage in the business of producing and marketing agricultural produce in this state.

Sec. 2. Section 175.4, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 19. A serious problem continues to exist in this state regarding the ability of agricultural producers to obtain, retain, restructure, or service loans or other financing on a reasonable and affordable basis for operating expenses, cash flow requirements, and capital asset acquisition or maintenance.

NEW SUBSECTION. 20. Because the Iowa economy is dependent upon the production and marketing of agricultural produce, the inability of agricultural producers to obtain, retain, restructure, or service loans or other financing on a reasonable and an affordable basis for operating expenses, cash flow requirements, or capital asset acquisition or maintenance contributes to a general decline of the state's economy.

Sec. 3. Section 175.6, subsection 12, Code 1987, is amended to read as follows:

12. In co-operation with other local, state or federal governmental agencies or instrumentalities, conduct studies of

beginning farmer or agricultural producer agricultural needs, and gather and compile data useful to facilitate decision making.

Sec. 4. Section 175.10, Code 1987, is amended to read as follows:

175.10 SURPLUS MONEYS.

Moneys declared by the authority to be surplus moneys which are not required to service bonds and notes, to pay administrative expenses of the authority or to accumulate necessary operating or loss reserves, shall be used by the authority to provide loans, grants, subsidies, and other services or assistance to beginning farmers or agricultural producers through any of the programs authorized in this chapter.

Sec. 5. Section 175.13A, Code 1987, is amended to read as follows:

175.13A FINANCIAL ASSISTANCE FOR AGRICULTURAL PRODUCERS.

1. The In addition to the other programs authorized pursuant to this chapter, the authority shall be authorized to provide any type of economic assistance directly or indirectly to agricultural producers, and may develop and implement programs including, but not limited to, the making of loan guarantees, interest buy-downs, grants, or secured or unsecured direct loans, secondary market purchases of loans or mortgages, loans to mortgage lenders, lending institutions, other agricultural lenders as designated by rule of the authority, or entities that provide funds or credits to such lenders or institutions, to assist agricultural producers within the state. The authority shall may exercise any of the powers granted to it in this chapter in order to fulfill the goal of providing financial assistance to agricultural producers. The authority may participate in and cooperate with programs of any agency or instrumentality of the federal government or with programs of any other state agency in the administration of the agricultural-producer-loan-program

programs to provide economic assistance to agricultural producers.

2. The authority shall provide in an agricultural-producer loan any program developed and implemented pursuant to this section that a loan-guarantee, interest-buy-down, grant, or secured-direct-loan assistance shall be provided only if the following criteria are satisfied:

- a. The agricultural producer is a resident of the state.
- b. The agricultural producer's land and farm operations are located within the state.
- c. Based upon the agricultural producer's net worth, cash flow, debt-to-asset ratio, and other criteria as prescribed by rule of the authority, the authority determines that without such assistance the agricultural producer could not reasonably be expected to be able to obtain, retain, restructure, or service loans or other financing for operating expenses, cash flow requirements, or capital acquisition and maintenance upon a reasonable and affordable basis.
- d. Other criteria as the authority prescribes by rule.

3. The authority is granted all powers which are necessary or useful to develop and implement programs and authorizations pursuant to subsection 1. These powers include, but are not limited to:

- a. All general powers stated in section 175.6.
- b. The power to make or enter into or to require the making or entry into of agreements of any type, with or by any person, that are necessary to effect the purposes of this section. These agreements may include, but are not limited to contracts, notes, bonds, guarantees, mortgages, loan agreements, trust indentures, reimbursement agreements, letters of credit or other liquidity or credit enhancement agreements, reserve agreements, loan or mortgage purchase agreements, buy-down agreements, grants, collateral or security agreements, insurance contracts, or other similar documents. The agreements may contain any terms and conditions which the authority

determines are reasonably necessary or useful to implement the purposes of this section or which are usually included in agreements or documents between private or public persons in similar transactions.

c. The power to issue its bonds or notes and expend or commit moneys for the purposes set forth in subsection 1. The authority may provide in the documents authorizing its bonds or notes that their principal and interest shall be limited obligations payable solely out of the revenues derived from a specific program or source and do not constitute an indebtedness of the authority or a charge against the authority's general credit or general fund. Alternatively, the authority may provide that the principal and interest of specified bonds or notes do constitute an indebtedness of the authority and a charge against the authority's general credit or general fund.

d. The power to participate in any federal or other state program designed to assist agricultural producers or in related federal or state programs.

e. The power to require submission of evidence satisfactory to the authority of the receipt by an agricultural producer of the assistance intended under a program developed and implemented pursuant to this section. In that connection, the authority, through its members, employees or agents, may inspect the books and records of any person receiving or involved in the provision of assistance in accordance with this section.

f. The power to establish by rule appropriate enforcement provisions in order to assure compliance with this section and rules adopted pursuant to this section, to seek the enforcement of such rules and the terms of any agreement or document by decree of any court of competent jurisdiction, and to require as a condition of providing assistance pursuant to this section the consent of any person receiving or involved in the provision of the assistance to the jurisdiction of the courts of this state over any enforcement proceeding.

3. The power to require, as a condition of the provision of assistance pursuant to this section, any representations and warranties on the part of any person receiving or involved in providing such assistance that the authority determines are reasonably necessary or useful to carry out the purposes of this section. A person receiving or involved in providing assistance pursuant to this section is liable to the authority for damages suffered by the authority by reason of a misrepresentation or the breach of a warranty.

4. All persons, public and private, are authorized to cooperate with the authority and to participate in the programs developed and implemented pursuant to this section and in accordance with the rules of the authority.

5. The powers granted the authority under this section are in addition to other powers contained in this chapter. All other provisions of this chapter, except section 175.19, subsection 4, apply to bonds or notes issued pursuant to powers granted to the authority under this section, to reserve funds, to appropriations, and to the remedies of bondholders and noteholders except to the extent that they are inconsistent with this section.

Sec. 6. Section 175.17, subsection 1, Code 1987, is amended to read as follows:

1. The authority may issue its negotiable bonds and notes in principal amounts which, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. ~~However, the authority may not have a total principal amount of bonds and notes outstanding at any time in excess of one hundred fifty million dollars.~~ The bonds and notes shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code.

Sec. 7. This Act, being deemed of immediate importance, takes effect upon enactment.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 463, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved *April 27*, 1987

TERRY E. BRANSTAD
Governor

S.F. 463