

APR 19 1994

WAYS & MEANS CALENDAR

HOUSE FILE 2435
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 750)

Passed House, Date ^(P.1973) 4/19/94 Passed Senate, Date ^(P.1382) 4/20/94
Vote: Ayes 89 Nays 9 Vote: Ayes 46 Nays 0
Approved May 4, 1994

A BILL FOR

1 An Act relating to establishing a loan program authorizing the
2 Iowa finance authority to issue its bonds and to lend the
3 proceeds to local governments to repair flood and water-
4 damaged public property, or building new flood control
5 barriers or facilities within a city, and providing an
6 effective date.

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

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HOUSE FILE 2435

H-6329

1 Amend House File 2435 as follows:
2 1. Page 7, by inserting after line 5 the
3 following:
4 "Sec. ____ . REPEAL. Sections 16.181 through 16.186
5 are repealed on August 1, 1996. The repeal of
6 sections 16.181 through 16.186 shall not affect the
7 operation or enforceability of any action taken or
8 agreement entered into pursuant to sections 16.181
9 through 16.186 prior to August 1, 1996, by the
10 authority, a municipality, or a bondholder or
11 noteholder, and section 4.13 applies."

By NEUHAUSER of Johnson
GREIG of Emmet

H-6329 FILED APRIL 19, 1994

*adapted 4.19.94
P.1972*

HF 2435

1 Section 1. NEW SECTION. 16.181 LEGISLATIVE FINDINGS.

2 1. Certain Iowa municipalities, counties, and other public
3 bodies within the state have experienced damage to public
4 property due to the severe 1993 summer weather, including
5 floods and high water.

6 2. The cost of repairing such damage, not reimbursed by
7 insurance, federal assistance, or other means, has placed
8 severe financial burdens upon these municipalities, counties,
9 and other public bodies.

10 3. There currently exists a shortage of low cost means by
11 which these municipalities, counties, and other public bodies
12 can borrow or otherwise acquire funds to repair the damage.

13 4. The availability of loan funds from the authority will
14 reduce the financing difficulties faced by these
15 municipalities, counties, and other public bodies and permit
16 them to continue to repair the damage and maintain their
17 operations.

18 5. All of the purposes stated in this section are public
19 purposes and uses for which public moneys may be borrowed,
20 expended, advanced, loaned, or granted.

21 Sec. 2. NEW SECTION. 16.182 ESTABLISHMENT OF 1993 LOCAL
22 GOVERNMENT FLOOD DAMAGE PROGRAM -- DEFINITIONS.

23 1. The authority shall establish a 1993 local government
24 flood damage program to make loans to municipalities for the
25 purpose of repair of damage to their public property by reason
26 of flood and water damage or for the purpose of constructing
27 new flood control barriers or facilities located only within
28 the incorporated boundaries of a city. The authority may
29 issue its bonds or notes, or series of bonds or notes, for the
30 purpose of funding the loans and may make secured loans to
31 municipalities for the purposes on terms the authority
32 determines.

33 2. For purposes of section 16.181, this section, and
34 sections 16.183 through 16.186:

35 a. "Flood loss" means any damage to property of a

1 municipality caused directly or indirectly by reason of the
2 1993 summer weather, flooding, or water problems.

3 b. "Municipality" means a public body that has sustained
4 flood damage including, but not limited to, cities, counties,
5 school corporations, entities created under chapter 28E,
6 municipal utility boards, and judicial district departments of
7 correctional services of this state.

8 c. "Program" means the 1993 local government flood damage
9 program established by the authority pursuant to this section.

10 Sec. 3. NEW SECTION. 16.183 LOAN AGREEMENTS -- BONDS AND
11 NOTES.

12 1. The authority may enter into loan agreements with a
13 defined municipality to fund a municipality's flood losses or
14 to fund new flood control barriers or facilities which would
15 be located only within the incorporated boundaries of a city.
16 The principal amount of the loan agreement may include the
17 amount of the flood loss or construction costs for new flood
18 control barriers or facilities within a city incurred by the
19 municipality as of the date of approval of the loan agreement,
20 plus the amounts as the municipality shall deem necessary or
21 desirable for capitalized interest, costs of issuance,
22 financing costs, credit enhancements, and reserves. The
23 repayment obligation of the municipality may be secured by a
24 pledge of debt service taxes, enterprise revenues or income,
25 or revenues of the municipality from any source, or secured by
26 such other security as the authority deems advisable. Without
27 limiting the foregoing, a judicial district department of
28 correctional services may pledge any appropriation or other
29 grant in aid made by the general assembly as security for its
30 repayment obligation. However, the appropriation or other
31 grant in aid is only subject to the pledge upon receipt of the
32 appropriation or grant in aid by the judicial district
33 department of correctional services. The repayment obligation
34 may be evidenced by one or more notes of the municipality.
35 The plan of repayment by the municipality shall not take into

1 consideration any potential recovery of loss or potential
2 match for new flood control barriers or facilities. If the
3 municipality recovers any portion of loss or receives any such
4 matching funds for which it has a loan agreement, the amount
5 recovered shall be immediately paid to the authority to be
6 applied by it against the municipality's obligation in
7 accordance with the terms of the loan agreement. The loan
8 agreement may contain other terms and conditions the authority
9 deems advisable.

10 2. The authority may issue its bonds and notes for the
11 purposes of establishing a loan fund for the program and
12 making loans from the fund to municipalities under the
13 program. The authority may enter into one or more lending
14 agreements or purchase agreements with one or more bondholders
15 or noteholders containing the terms and conditions of the
16 repayment of and the security for the bonds or notes. The
17 authority and the bondholders or noteholders or a trustee or
18 agent designated by the authority may enter into agreements to
19 provide for any of the following:

20 a. That the proceeds of the bonds and notes and the
21 investments of the proceeds may be received, held, and
22 disbursed by the authority or by a trustee or agent designated
23 by the authority.

24 b. That the bondholders or noteholders or trustee or agent
25 designated by the authority may collect, invest, and apply the
26 amounts payable under the loan agreements or any other
27 instruments securing the debt obligations under the loan
28 agreements.

29 c. That the bondholders or noteholders or a trustee or
30 agent designated by the authority may collect, invest, and
31 apply the amounts payable under the loan agreements or any
32 other instruments, and that the payment or performance may be
33 enforced in accordance with the loan agreements or other
34 instruments.

35 d. Other terms and conditions as deemed necessary or

1 appropriate by the authority.

2 3. The powers granted the authority under this section are
3 in addition to other powers contained in this chapter. All
4 other provisions of this chapter, except section 16.28,
5 subsection 4, apply to bonds or notes issued and powers
6 granted to the authority under this section except to the
7 extent they are inconsistent with this section.

8 4. All bonds or notes issued by the authority in
9 connection with the program are exempt from taxation by this
10 state and the interest on the bonds or notes is exempt from
11 state income tax.

12 Sec. 4. NEW SECTION. 16.184 SECURITY -- RESERVE FUNDS --
13 NONLIABILITY -- IRREVOCABLE CONTRACTS.

14 1. The authority may provide in the resolution, trust
15 agreement, or other instrument authorizing the issuance of its
16 bonds or notes pursuant to section 16.183 that the principal
17 of, premium, and interest on the bonds or notes are payable
18 solely out of the pledged receipts as designated in the
19 resolution, trust agreement, or other instrument authorizing
20 the issuance of the bonds or notes.

21 For purposes of this section, unless the context otherwise
22 requires, "pledged receipts" means the revenues and receipts
23 received or to be received by the authority from grants,
24 appropriations, gifts, or payments on guarantees made to the
25 authority by any person; from accrued interest received from
26 the sale of obligations; from income accruing from the
27 investment of special funds of the authority, including the
28 loan fund established by the authority for purposes of the
29 program; from the revenues and receipts deposited in the loan
30 fund; from the amounts payable to the authority by
31 municipalities pursuant to loan agreements with
32 municipalities; and from any other moneys which are available
33 for the payment of principal, premium, if any, or interest on
34 the bonds or notes.

35 2. The authority may establish reserve funds to secure one

1 or more issues of its bonds or notes. The authority may
2 deposit in a reserve fund established under this section the
3 proceeds of the sale of its bonds or notes and other moneys
4 which are made available from any other source.

5 3. It is the intention of the general assembly that a
6 pledge made in respect of bonds or notes shall be valid and
7 binding from the time the pledge is made, that the money or
8 property so pledged and received after the pledge by the
9 authority shall immediately be subject to the lien of the
10 pledge without physical delivery or further act, and that the
11 lien of the pledge shall be valid and binding as against all
12 parties having claims of any kind in tort, contract, or
13 otherwise against the authority whether or not the parties
14 have notice of the lien. The resolution, trust agreement, or
15 any other instrument by which a pledge is created need not be
16 recorded or filed under the Iowa uniform commercial code to be
17 valid, binding, or effective against the parties.

18 4. The members of the authority and a person executing the
19 bonds or notes are not liable personally on the bonds or notes
20 and are not subject to personal liability or accountability by
21 reason of the issuance of the bonds or notes.

22 5. The bonds or notes issued by the authority are not an
23 indebtedness or other liability of the state or of a political
24 subdivision of the state within the meaning of any
25 constitutional or statutory debt limitations but are special
26 obligations of the authority, and are payable solely out of
27 the pledged receipts to the extent that the pledged receipts
28 are designated in the resolution, trust agreement, or other
29 instrument of the authority authorizing the issuance of the
30 bonds or notes as being available as security for such bonds
31 or notes. The authority shall not pledge the faith or credit
32 of the state to the payment of any bonds or notes. The
33 authority shall not pledge the faith or credit of a
34 municipality to the payment of any bonds or notes except as
35 agreed to by the municipality in the loan agreement referred

1 to in section 16.183, subsection 1. The issuance of any bonds
2 or notes by the authority does not directly, indirectly, or
3 contingently obligate the state to apply moneys from, or levy
4 or pledge any form of taxation whatever to the payment of, the
5 bonds or notes. The issuance of any bonds or notes by the
6 authority does not directly, indirectly, or contingently
7 obligate a municipality to apply moneys from, or levy or
8 pledge any form of taxation whatever to the payment of, the
9 bonds or notes, except as agreed to by the municipality in the
10 loan agreement referred to in section 16.183, subsection 1.

11 6. The state pledges to and agrees with the holders of
12 bonds or notes issued under the program, that the state will
13 not limit or alter the rights and powers vested in the
14 authority to fulfill the terms of a contract made by the
15 authority with respect to the bonds or notes, or in any way
16 impair the rights and remedies of the holders until the bonds
17 and notes, together with the interest on them including
18 interest on unpaid installments of interest, and all costs and
19 expenses in connection with an action or proceeding by or on
20 behalf of the holders, are fully met and discharged. The
21 authority may include this pledge and agreement of the state,
22 as it refers to holders of bonds or notes of the authority, in
23 a contract with the holders.

24 Sec. 5. NEW SECTION. 16.185 POWERS OF MUNICIPALITIES.

25 1. A municipality may enter into loan agreements and issue
26 any type of obligations payable from any security which it is
27 authorized by law to issue for any purpose for funding its
28 flood loss or for funding new flood control barriers or
29 facilities within a city. The funding of its flood loss by a
30 municipality is an essential purpose under chapter 331 or 384.

31 2. To approve a loan agreement under section 16.183 for
32 this purpose, a municipality shall follow the authorization
33 procedures required for the issuance of general obligation
34 bonds by cities as set out in section 384.25. Chapter 75 is
35 not applicable.

HOUSE FILE 2435
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 750)

(As Amended and Passed by the House April 19, 1994)

Passed House, ^(P. 1973) Date 4/19/94 Passed Senate, ^(P. 1352) Date 4/20/94
Vote: Ayes 89 Nays 9 Vote: Ayes 46 Nays 0
Approved May 4, 1994

A BILL FOR

1 An Act relating to establishing a loan program authorizing the
2 Iowa finance authority to issue its bonds and to lend the
3 proceeds to local governments to repair flood and water-
4 damaged public property, or building new flood control
5 barriers or facilities within a city, and providing an
6 effective date.

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

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House Amendments _____

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1 Section 1. NEW SECTION. 16.181 LEGISLATIVE FINDINGS.

2 1. Certain Iowa municipalities, counties, and other public
3 bodies within the state have experienced damage to public
4 property due to the severe 1993 summer weather, including
5 floods and high water.

6 2. The cost of repairing such damage, not reimbursed by
7 insurance, federal assistance, or other means, has placed
8 severe financial burdens upon these municipalities, counties,
9 and other public bodies.

10 3. There currently exists a shortage of low cost means by
11 which these municipalities, counties, and other public bodies
12 can borrow or otherwise acquire funds to repair the damage.

13 4. The availability of loan funds from the authority will
14 reduce the financing difficulties faced by these
15 municipalities, counties, and other public bodies and permit
16 them to continue to repair the damage and maintain their
17 operations.

18 5. All of the purposes stated in this section are public
19 purposes and uses for which public moneys may be borrowed,
20 expended, advanced, loaned, or granted.

21 Sec. 2. NEW SECTION. 16.182 ESTABLISHMENT OF 1993 LOCAL
22 GOVERNMENT FLOOD DAMAGE PROGRAM -- DEFINITIONS.

23 1. The authority shall establish a 1993 local government
24 flood damage program to make loans to municipalities for the
25 purpose of repair of damage to their public property by reason
26 of flood and water damage or for the purpose of constructing
27 new flood control barriers or facilities located only within
28 the incorporated boundaries of a city. The authority may
29 issue its bonds or notes, or series of bonds or notes, for the
30 purpose of funding the loans and may make secured loans to
31 municipalities for the purposes on terms the authority
32 determines.

33 2. For purposes of section 16.181, this section, and
34 sections 16.183 through 16.186:

35 a. "Flood loss" means any damage to property of a

1 municipality caused directly or indirectly by reason of the
2 1993 summer weather, flooding, or water problems.

3 b. "Municipality" means a public body that has sustained
4 flood damage including, but not limited to, cities, counties,
5 school corporations, entities created under chapter 28E,
6 municipal utility boards, and judicial district departments of
7 correctional services of this state.

8 c. "Program" means the 1993 local government flood damage
9 program established by the authority pursuant to this section.

10 Sec. 3. NEW SECTION. 16.183 LOAN AGREEMENTS -- BONDS AND
11 NOTES.

12 1. The authority may enter into loan agreements with a
13 defined municipality to fund a municipality's flood losses or
14 to fund new flood control barriers or facilities which would
15 be located only within the incorporated boundaries of a city.
16 The principal amount of the loan agreement may include the
17 amount of the flood loss or construction costs for new flood
18 control barriers or facilities within a city incurred by the
19 municipality as of the date of approval of the loan agreement,
20 plus the amounts as the municipality shall deem necessary or
21 desirable for capitalized interest, costs of issuance,
22 financing costs, credit enhancements, and reserves. The
23 repayment obligation of the municipality may be secured by a
24 pledge of debt service taxes, enterprise revenues or income,
25 or revenues of the municipality from any source, or secured by
26 such other security as the authority deems advisable. Without
27 limiting the foregoing, a judicial district department of
28 correctional services may pledge any appropriation or other
29 grant in aid made by the general assembly as security for its
30 repayment obligation. However, the appropriation or other
31 grant in aid is only subject to the pledge upon receipt of the
32 appropriation or grant in aid by the judicial district
33 department of correctional services. The repayment obligation
34 may be evidenced by one or more notes of the municipality.
35 The plan of repayment by the municipality shall not take into

1 consideration any potential recovery of loss or potential
2 match for new flood control barriers or facilities. If the
3 municipality recovers any portion of loss or receives any such
4 matching funds for which it has a loan agreement, the amount
5 recovered shall be immediately paid to the authority to be
6 applied by it against the municipality's obligation in
7 accordance with the terms of the loan agreement. The loan
8 agreement may contain other terms and conditions the authority
9 deems advisable.

10 2. The authority may issue its bonds and notes for the
11 purposes of establishing a loan fund for the program and
12 making loans from the fund to municipalities under the
13 program. The authority may enter into one or more lending
14 agreements or purchase agreements with one or more bondholders
15 or noteholders containing the terms and conditions of the
16 repayment of and the security for the bonds or notes. The
17 authority and the bondholders or noteholders or a trustee or
18 agent designated by the authority may enter into agreements to
19 provide for any of the following:

20 a. That the proceeds of the bonds and notes and the
21 investments of the proceeds may be received, held, and
22 disbursed by the authority or by a trustee or agent designated
23 by the authority.

24 b. That the bondholders or noteholders or trustee or agent
25 designated by the authority may collect, invest, and apply the
26 amounts payable under the loan agreements or any other
27 instruments securing the debt obligations under the loan
28 agreements.

29 c. That the bondholders or noteholders or a trustee or
30 agent designated by the authority may collect, invest, and
31 apply the amounts payable under the loan agreements or any
32 other instruments, and that the payment or performance may be
33 enforced in accordance with the loan agreements or other
34 instruments.

35 d. Other terms and conditions as deemed necessary or

1 appropriate by the authority.

2 3. The powers granted the authority under this section are
3 in addition to other powers contained in this chapter. All
4 other provisions of this chapter, except section 16.28,
5 subsection 4, apply to bonds or notes issued and powers
6 granted to the authority under this section except to the
7 extent they are inconsistent with this section.

8 4. All bonds or notes issued by the authority in
9 connection with the program are exempt from taxation by this
10 state and the interest on the bonds or notes is exempt from
11 state income tax.

12 Sec. 4. NEW SECTION. 16.184 SECURITY -- RESERVE FUNDS --
13 NONLIABILITY -- IRREVOCABLE CONTRACTS.

14 1. The authority may provide in the resolution, trust
15 agreement, or other instrument authorizing the issuance of its
16 bonds or notes pursuant to section 16.183 that the principal
17 of, premium, and interest on the bonds or notes are payable
18 solely out of the pledged receipts as designated in the
19 resolution, trust agreement, or other instrument authorizing
20 the issuance of the bonds or notes.

21 For purposes of this section, unless the context otherwise
22 requires, "pledged receipts" means the revenues and receipts
23 received or to be received by the authority from grants,
24 appropriations, gifts, or payments on guarantees made to the
25 authority by any person; from accrued interest received from
26 the sale of obligations; from income accruing from the
27 investment of special funds of the authority, including the
28 loan fund established by the authority for purposes of the
29 program; from the revenues and receipts deposited in the loan
30 fund; from the amounts payable to the authority by
31 municipalities pursuant to loan agreements with
32 municipalities; and from any other moneys which are available
33 for the payment of principal, premium, if any, or interest on
34 the bonds or notes.

35 2. The authority may establish reserve funds to secure one

1 or more issues of its bonds or notes. The authority may
2 deposit in a reserve fund established under this section the
3 proceeds of the sale of its bonds or notes and other moneys
4 which are made available from any other source.

5 3. It is the intention of the general assembly that a
6 pledge made in respect of bonds or notes shall be valid and
7 binding from the time the pledge is made, that the money or
8 property so pledged and received after the pledge by the
9 authority shall immediately be subject to the lien of the
10 pledge without physical delivery or further act, and that the
11 lien of the pledge shall be valid and binding as against all
12 parties having claims of any kind in tort, contract, or
13 otherwise against the authority whether or not the parties
14 have notice of the lien. The resolution, trust agreement, or
15 any other instrument by which a pledge is created need not be
16 recorded or filed under the Iowa uniform commercial code to be
17 valid, binding, or effective against the parties.

18 4. The members of the authority and a person executing the
19 bonds or notes are not liable personally on the bonds or notes
20 and are not subject to personal liability or accountability by
21 reason of the issuance of the bonds or notes.

22 5. The bonds or notes issued by the authority are not an
23 indebtedness or other liability of the state or of a political
24 subdivision of the state within the meaning of any
25 constitutional or statutory debt limitations but are special
26 obligations of the authority, and are payable solely out of
27 the pledged receipts to the extent that the pledged receipts
28 are designated in the resolution, trust agreement, or other
29 instrument of the authority authorizing the issuance of the
30 bonds or notes as being available as security for such bonds
31 or notes. The authority shall not pledge the faith or credit
32 of the state to the payment of any bonds or notes. The
33 authority shall not pledge the faith or credit of a
34 municipality to the payment of any bonds or notes except as
35 agreed to by the municipality in the loan agreement referred

1 to in section 16.183, subsection 1. The issuance of any bonds
2 or notes by the authority does not directly, indirectly, or
3 contingently obligate the state to apply moneys from, or levy
4 or pledge any form of taxation whatever to the payment of, the
5 bonds or notes. The issuance of any bonds or notes by the
6 authority does not directly, indirectly, or contingently
7 obligate a municipality to apply moneys from, or levy or
8 pledge any form of taxation whatever to the payment of, the
9 bonds or notes, except as agreed to by the municipality in the
10 loan agreement referred to in section 16.183, subsection 1.

11 6. The state pledges to and agrees with the holders of
12 bonds or notes issued under the program, that the state will
13 not limit or alter the rights and powers vested in the
14 authority to fulfill the terms of a contract made by the
15 authority with respect to the bonds or notes, or in any way
16 impair the rights and remedies of the holders until the bonds
17 and notes, together with the interest on them including
18 interest on unpaid installments of interest, and all costs and
19 expenses in connection with an action or proceeding by or on
20 behalf of the holders, are fully met and discharged. The
21 authority may include this pledge and agreement of the state,
22 as it refers to holders of bonds or notes of the authority, in
23 a contract with the holders.

24 Sec. 5. NEW SECTION. 16.185 POWERS OF MUNICIPALITIES.

25 1. A municipality may enter into loan agreements and issue
26 any type of obligations payable from any security which it is
27 authorized by law to issue for any purpose for funding its
28 flood loss or for funding new flood control barriers or
29 facilities within a city. The funding of its flood loss by a
30 municipality is an essential purpose under chapter 331 or 384.

31 2. To approve a loan agreement under section 16.183 for
32 this purpose, a municipality shall follow the authorization
33 procedures required for the issuance of general obligation
34 bonds by cities as set out in section 384.25. Chapter 75 is
35 not applicable.

1 Sec. 6. NEW SECTION. 16.186 OTHER LAWS NOT APPLICABLE.

2 All other laws governing the authorization and issuance of
3 obligations by municipalities shall not apply to loan
4 agreements entered into by municipalities with the authority
5 for purposes of the program.

6 Sec. 7. REPEAL. Sections 16.181 through 16.186 are
7 repealed on August 1, 1996. The repeal of sections 16.181
8 through 16.186 shall not affect the operation or
9 enforceability of any action taken or agreement entered into
10 pursuant to sections 16.181 through 16.186 prior to August 1,
11 1996, by the authority, a municipality, or a bondholder or
12 noteholder, and section 4.13 applies.

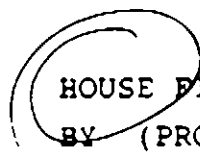
13 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
14 immediate importance, takes effect upon enactment.

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HSB 750

WAYS AND MEANS



HOUSE FILE 2435

BY (PROPOSED COMMITTEE ON WAYS AND MEANS BILL BY CHAIRPERSON HANSON of Delaware)

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

A BILL FOR

1 An Act relating to establishing a loan program authorizing the
2 Iowa finance authority to issue its bonds and to lend the
3 proceeds to local governments to repair flood and water-
4 damaged public property and providing an effective date.

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

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1 Section 1. NEW SECTION. 16.181 LEGISLATIVE FINDINGS.

2 1. Certain Iowa municipalities, counties, and other public
3 bodies within the state have experienced damage to public
4 property due to the severe 1993 summer weather, including
5 floods and high water.

6 2. The cost of repairing such damage, not reimbursed by
7 insurance, federal assistance, or other means, has placed
8 severe financial burdens upon these municipalities, counties,
9 and other public bodies.

10 3. There currently exists a shortage of low cost means by
11 which these municipalities, counties, and other public bodies
12 can borrow or otherwise acquire funds to repair the damage.

13 4. The availability of loan funds from the authority will
14 reduce the financing difficulties faced by these
15 municipalities, counties, and other public bodies and permit
16 them to continue to repair the damage and maintain their
17 operations.

18 5. All of the purposes stated in this section are public
19 purposes and uses for which public moneys may be borrowed,
20 expended, advanced, loaned, or granted.

21 Sec. 2. NEW SECTION. 16.182 ESTABLISHMENT OF 1993 LOCAL
22 GOVERNMENT FLOOD DAMAGE PROGRAM -- DEFINITIONS.

23 1. The authority shall establish a 1993 local government
24 flood damage program to make loans to municipalities for the
25 purpose of repair of damage to their public property by reason
26 of flood and water damage. The authority may issue its bonds
27 or notes, or series of bonds or notes, for the purpose of
28 funding the loans and may make secured loans to municipalities
29 for the purposes on terms the authority determines.

30 2. For purposes of section 16.181, this section, and
31 sections 16.183 through 16.186:

32 a. "Flood loss" means any damage to property of a
33 municipality caused directly or indirectly by reason of the
34 1993 summer weather, flooding, or water problems.

35 b. "Municipality" means a public body that has sustained

1 flood damage including, but not limited to, cities, counties,
2 school corporations, entities created under chapter 28E,
3 municipal utility boards, and judicial district departments of
4 correctional services of this state.

5 c. "Program" means the 1993 local government flood damage
6 program established by the authority pursuant to this section.

7 Sec. 3. NEW SECTION. 16.183 LOAN AGREEMENTS -- BONDS AND
8 NOTES.

9 1. The authority may enter into loan agreements with a
10 defined municipality to fund a municipality's flood losses.
11 The principal amount of the loan agreement may include the
12 amount of the flood loss incurred by the municipality as of
13 the date of approval of the loan agreement, plus the amounts
14 as the municipality shall deem necessary or desirable for
15 capitalized interest, costs of issuance, financing costs,
16 credit enhancements, and reserves. The repayment obligation
17 of the municipality may be secured by a pledge of debt service
18 taxes, enterprise revenues or income, or revenues of the
19 municipality from any source, or secured by such other
20 security as the authority deems advisable. Without limiting
21 the foregoing, a judicial district department of correctional
22 services may pledge any appropriation or other grant in aid
23 made by the general assembly as security for its repayment
24 obligation. However, the appropriation or other grant in aid
25 is only subject to the pledge upon receipt of the
26 appropriation or grant in aid by the judicial district
27 department of correctional services. The repayment obligation
28 may be evidenced by one or more notes of the municipality.
29 The plan of repayment by the municipality shall not take into
30 consideration any potential recovery of loss. If the
31 municipality recovers any portion of loss for which it has a
32 loan agreement, the amount recovered shall be immediately paid
33 to the authority to be applied by it against the
34 municipality's obligation in accordance with the terms of the
35 loan agreement. The loan agreement may contain other terms ^

1 and conditions the authority deems advisable.

2 2. The authority may issue its bonds and notes for the
3 purposes of establishing a loan fund for the program and
4 making loans from the fund to municipalities under the
5 program. The authority may enter into one or more lending
6 agreements or purchase agreements with one or more bondholders
7 or noteholders containing the terms and conditions of the
8 repayment of and the security for the bonds or notes. The
9 authority and the bondholders or noteholders or a trustee or
10 agent designated by the authority may enter into agreements to
11 provide for any of the following:

12 a. That the proceeds of the bonds and notes and the
13 investments of the proceeds may be received, held, and
14 disbursed by the authority or by a trustee or agent designated
15 by the authority.

16 b. That the bondholders or noteholders or trustee or agent
17 designated by the authority may collect, invest, and apply the
18 amounts payable under the loan agreements or any other
19 instruments securing the debt obligations under the loan
20 agreements.

21 c. That the bondholders or noteholders or a trustee or
22 agent designated by the authority may collect, invest, and
23 apply the amounts payable under the loan agreements or any
24 other instruments, and that the payment or performance may be
25 enforced in accordance with the loan agreements or other
26 instruments.

27 d. Other terms and conditions as deemed necessary or
28 appropriate by the authority.

29 3. The powers granted the authority under this section are
30 in addition to other powers contained in this chapter. All
31 other provisions of this chapter, except section 16.28,
32 subsection 4, apply to bonds or notes issued and powers
33 granted to the authority under this section except to the
34 extent they are inconsistent with this section.

35 4. All bonds or notes issued by the authority in

1 connection with the program are exempt from taxation by this
2 state and the interest on the bonds or notes is exempt from
3 state income tax.

4 Sec. 4. NEW SECTION. 16.184 SECURITY -- RESERVE FUNDS --
5 NONLIABILITY -- IRREVOCABLE CONTRACTS.

6 1. The authority may provide in the resolution, trust
7 agreement, or other instrument authorizing the issuance of its
8 bonds or notes pursuant to section 16.183 that the principal
9 of, premium, and interest on the bonds or notes are payable
10 solely out of the pledged receipts as designated in the
11 resolution, trust agreement, or other instrument authorizing
12 the issuance of the bonds or notes.

13 For purposes of this section, unless the context otherwise
14 requires, "pledged receipts" means the revenues and receipts
15 received or to be received by the authority from grants,
16 appropriations, gifts, or payments on guarantees made to the
17 authority by any person; from accrued interest received from
18 the sale of obligations; from income accruing from the
19 investment of special funds of the authority, including the
20 loan fund established by the authority for purposes of the
21 program; from the revenues and receipts deposited in the loan
22 fund; from the amounts payable to the authority by
23 municipalities pursuant to loan agreements with
24 municipalities; and from any other moneys which are available
25 for the payment of principal, premium, if any, or interest on
26 the bonds or notes.

27 2. The authority may establish reserve funds to secure one
28 or more issues of its bonds or notes. The authority may
29 deposit in a reserve fund established under this section the
30 proceeds of the sale of its bonds or notes and other moneys
31 which are made available from any other source.

32 3. It is the intention of the general assembly that a
33 pledge made in respect of bonds or notes shall be valid and
34 binding from the time the pledge is made, that the money or
35 property so pledged and received after the pledge by the

1 authority shall immediately be subject to the lien of the
2 pledge without physical delivery or further act, and that the
3 lien of the pledge shall be valid and binding as against all
4 parties having claims of any kind in tort, contract, or
5 otherwise against the authority whether or not the parties
6 have notice of the lien. The resolution, trust agreement, or
7 any other instrument by which a pledge is created need not be
8 recorded or filed under the Iowa uniform commercial code to be
9 valid, binding, or effective against the parties.

10 4. The members of the authority and a person executing the
11 bonds or notes are not liable personally on the bonds or notes
12 and are not subject to personal liability or accountability by
13 reason of the issuance of the bonds or notes.

14 5. The bonds or notes issued by the authority are not an
15 indebtedness or other liability of the state or of a political
16 subdivision of the state within the meaning of any
17 constitutional or statutory debt limitations but are special
18 obligations of the authority, and are payable solely out of
19 the pledged receipts to the extent that the pledged receipts
20 are designated in the resolution, trust agreement, or other
21 instrument of the authority authorizing the issuance of the
22 bonds or notes as being available as security for such bonds
23 or notes. The authority shall not pledge the faith or credit
24 of the state to the payment of any bonds or notes. The
25 authority shall not pledge the faith or credit of a
26 municipality to the payment of any bonds or notes except as
27 agreed to by the municipality in the loan agreement referred
28 to in section 16.183, subsection 1. The issuance of any bonds
29 or notes by the authority does not directly, indirectly, or
30 contingently obligate the state to apply moneys from, or levy
31 or pledge any form of taxation whatever to the payment of, the
32 bonds or notes. The issuance of any bonds or notes by the
33 authority does not directly, indirectly, or contingently
34 obligate a municipality to apply moneys from, or levy or
35 pledge any form of taxation whatever to the payment of, the

1 bonds or notes, except as agreed to by the municipality in the
2 loan agreement referred to in section 16.183, subsection 1.

3 6. The state pledges to and agrees with the holders of
4 bonds or notes issued under the program, that the state will
5 not limit or alter the rights and powers vested in the
6 authority to fulfill the terms of a contract made by the
7 authority with respect to the bonds or notes, or in any way
8 impair the rights and remedies of the holders until the bonds
9 and notes, together with the interest on them including
10 interest on unpaid installments of interest, and all costs and
11 expenses in connection with an action or proceeding by or on
12 behalf of the holders, are fully met and discharged. The
13 authority may include this pledge and agreement of the state,
14 as it refers to holders of bonds or notes of the authority, in
15 a contract with the holders.

16 Sec. 5. NEW SECTION. 16.185 POWERS OF MUNICIPALITIES.

17 1. A municipality may enter into loan agreements and issue
18 any type of obligations payable from any security which it is
19 authorized by law to issue for any purpose for funding its
20 flood loss. The funding of its flood loss by a municipality
21 is an essential purpose under chapter 331 or 384.

22 2. To approve a loan agreement under section 16.183 for
23 this purpose, a municipality shall follow the authorization
24 procedures required for the issuance of general obligation
25 bonds by cities as set out in section 384.25. Chapter 75 is
26 not applicable.

27 Sec. 6. NEW SECTION. 16.186 OTHER LAWS NOT APPLICABLE.

28 All other laws governing the authorization and issuance of
29 obligations by municipalities shall not apply to loan
30 agreements entered into by municipalities with the authority
31 for purposes of the program.

32 Sec. 7. REPEAL. Sections 16.181 through 16.186 are
33 repealed on August 1, 1995. The repeal of sections 16.181
34 through 16.186 shall not affect the operation or
35 enforceability of any action taken or agreement entered into

1 pursuant to sections 16.181 through 16.186 prior to August 1,
2 1995, by the authority, a municipality, or a bondholder or
3 noteholder, and section 4.13 applies.

4 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 The bill requires the Iowa finance authority to establish a
8 program that would make loans available to public bodies,
9 including cities, counties, school corporations, chapter 28E
10 entities, municipal utility boards, and judicial district
11 departments of correctional services for the purpose of
12 repairing damage done to their property by reason of the 1993
13 flood and water damage. The authority is authorized to issue
14 its bonds and notes and to use the proceeds for making the
15 loans.

16 The bill takes effect upon enactment and is repealed August
17 1, 1995. All bonds and notes issued and loan agreements
18 entered into prior to August 1, 1995, remain in effect.

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HOUSE FILE 2435

AN ACT

RELATING TO ESTABLISHING A LOAN PROGRAM AUTHORIZING THE IOWA FINANCE AUTHORITY TO ISSUE ITS BONDS AND TO LEND THE PROCEEDS TO LOCAL GOVERNMENTS TO REPAIR FLOOD AND WATER-DAMAGED PUBLIC PROPERTY, OR BUILDING NEW FLOOD CONTROL BARRIERS OR FACILITIES WITHIN A CITY, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 16.181 LEGISLATIVE FINDINGS

1. Certain Iowa municipalities, counties, and other public bodies within the state have experienced damage to public property due to the severe 1993 summer weather, including floods and high water.
2. The cost of repairing such damage, not reimbursed by insurance, federal assistance, or other means, has placed severe financial burdens upon these municipalities, counties, and other public bodies.
3. There currently exists a shortage of low cost means by which these municipalities, counties, and other public bodies can borrow or otherwise acquire funds to repair the damage.

4. The availability of loan funds from the authority will reduce the financing difficulties faced by these municipalities, counties, and other public bodies and permit them to continue to repair the damage and maintain their operations.

5. All of the purposes stated in this section are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned, or granted.

Sec. 2. NEW SECTION. 16.182 ESTABLISHMENT OF 1993 LOCAL GOVERNMENT FLOOD DAMAGE PROGRAM -- DEFINITIONS.

1. The authority shall establish a 1993 local government flood damage program to make loans to municipalities for the purpose of repair of damage to their public property by reason of flood and water damage or for the purpose of constructing new flood control barriers or facilities located only within the incorporated boundaries of a city. The authority may issue its bonds or notes, or series of bonds or notes, for the purpose of funding the loans and may make secured loans to municipalities for the purposes on terms the authority determines.

2. For purposes of section 16.181, this section, and sections 16.183 through 16.186:

- a. "Flood loss" means any damage to property of a municipality caused directly or indirectly by reason of the 1993 summer weather, flooding, or water problems.
- b. "Municipality" means a public body that has sustained flood damage including, but not limited to, cities, counties, school corporations, entities created under chapter 28E, municipal utility boards, and judicial district departments of correctional services of this state.
- c. "Program" means the 1993 local government flood damage program established by the authority pursuant to this section.

Sec. 3. NEW SECTION. 16.183 LOAN AGREEMENTS -- BONDS AND NOTES.

1. The authority may enter into loan agreements with a defined municipality to fund a municipality's flood losses or to fund new flood control barriers or facilities which would be located only within the incorporated boundaries of a city. The principal amount of the loan agreement may include the amount of the flood loss or construction costs for new flood control barriers or facilities within a city incurred by the municipality as of the date of approval of the loan agreement, plus the amounts as the municipality shall deem necessary or desirable for capitalized interest, costs of issuance, financing costs, credit enhancements, and reserves. The repayment obligation of the municipality may be secured by a pledge of debt service taxes, enterprise revenues or income, or revenues of the municipality from any source, or secured by such other security as the authority deems advisable. Without limiting the foregoing, a judicial district department of correctional services may pledge any appropriation or other grant in aid made by the general assembly as security for its repayment obligation. However, the appropriation or other grant in aid is only subject to the pledge upon receipt of the appropriation or grant in aid by the judicial district department of correctional services. The repayment obligation may be evidenced by one or more notes of the municipality. The plan of repayment by the municipality shall not take into consideration any potential recovery of loss or potential match for new flood control barriers or facilities. If the municipality recovers any portion of loss or receives any such matching funds for which it has a loan agreement, the amount recovered shall be immediately paid to the authority to be applied by it against the municipality's obligation in accordance with the terms of the loan agreement. The loan agreement may contain other terms and conditions the authority deems advisable.

2. The authority may issue its bonds and notes for the purposes of establishing a loan fund for the program and

making loans from the fund to municipalities under the program. The authority may enter into one or more lending agreements or purchase agreements with one or more bondholders or noteholders containing the terms and conditions of the repayment of and the security for the bonds or notes. The authority and the bondholders or noteholders or a trustee or agent designated by the authority may enter into agreements to provide for any of the following:

a. That the proceeds of the bonds and notes and the investments of the proceeds may be received, held, and disbursed by the authority or by a trustee or agent designated by the authority.

b. That the bondholders or noteholders or trustee or agent designated by the authority may collect, invest, and apply the amounts payable under the loan agreements or any other instruments securing the debt obligations under the loan agreements.

c. That the bondholders or noteholders or a trustee or agent designated by the authority may collect, invest, and apply the amounts payable under the loan agreements or any other instruments, and that the payment or performance may be enforced in accordance with the loan agreements or other instruments.

d. Other terms and conditions as deemed necessary or appropriate by the authority.

3. 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 16.28, subsection 4, apply to bonds or notes issued and powers granted to the authority under this section except to the extent they are inconsistent with this section.

4. All bonds or notes issued by the authority in connection with the program are exempt from taxation by this state and the interest on the bonds or notes is exempt from state income tax.

Sec. 4. NEW SECTION. 16.184 SECURITY -- RESERVE FUNDS --
NONLIABILITY -- IRREVOCABLE CONTRACTS.

1. The authority may provide in the resolution, trust agreement, or other instrument authorizing the issuance of its bonds or notes pursuant to section 16.183 that the principal of, premium, and interest on the bonds or notes are payable solely out of the pledged receipts as designated in the resolution, trust agreement, or other instrument authorizing the issuance of the bonds or notes.

For purposes of this section, unless the context otherwise requires, "pledged receipts" means the revenues and receipts received or to be received by the authority from grants, appropriations, gifts, or payments or guarantees made to the authority by any person; from accrued interest received from the sale of obligations; from income accruing from the investment of special funds of the authority, including the loan fund established by the authority for purposes of the program; from the revenues and receipts deposited in the loan fund; from the amounts payable to the authority by municipalities pursuant to loan agreements with municipalities; and from any other moneys which are available for the payment of principal, premium, if any, or interest on the bonds or notes.

2. The authority may establish reserve funds to secure one or more issues of its bonds or notes. The authority may deposit in a reserve fund established under this section the proceeds of the sale of its bonds or notes and other moneys which are made available from any other source.

3. It is the intention of the general assembly that a pledge made in respect of bonds or notes shall be valid and binding from the time the pledge is made, that the money or property so pledged and received after the pledge by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act, and that the lien of the pledge shall be valid and binding as against all

parties having claims of any kind in tort, contract, or otherwise against the authority whether or not the parties have notice of the lien. The resolution, trust agreement, or any other instrument by which a pledge is created need not be recorded or filed under the Iowa uniform commercial code to be valid, binding, or effective against the parties.

4. The members of the authority and a person executing the bonds or notes are not liable personally on the bonds or notes and are not subject to personal liability or accountability by reason of the issuance of the bonds or notes.

5. The bonds or notes issued by the authority are not an indebtedness or other liability of the state or of a political subdivision of the state within the meaning of any constitutional or statutory debt limitations but are special obligations of the authority, and are payable solely out of the pledged receipts to the extent that the pledged receipts are designated in the resolution, trust agreement, or other instrument of the authority authorizing the issuance of the bonds or notes as being available as security for such bonds or notes. The authority shall not pledge the faith or credit of the state to the payment of any bonds or notes. The authority shall not pledge the faith or credit of a municipality to the payment of any bonds or notes except as agreed to by the municipality in the loan agreement referred to in section 16.183, subsection 1. The issuance of any bonds or notes by the authority does not directly, indirectly, or contingently obligate the state to apply moneys from, or levy or pledge any form of taxation whatever to the payment of, the bonds or notes. The issuance of any bonds or notes by the authority does not directly, indirectly, or contingently obligate a municipality to apply moneys from, or levy or pledge any form of taxation whatever to the payment of, the bonds or notes, except as agreed to by the municipality in the loan agreement referred to in section 16.183, subsection 1.

6. The state pledges to and agrees with the holders of bonds or notes issued under the program, that the state will not limit or alter the rights and powers vested in the authority to fulfill the terms of a contract made by the authority with respect to the bonds or notes, or in any way impair the rights and remedies of the holders until the bonds and notes, together with the interest on them including interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The authority may include this pledge and agreement of the state, as it refers to holders of bonds or notes of the authority, in a contract with the holders.

Sec. 5. NEW SECTION. 16.185 POWERS OF MUNICIPALITIES.

1. A municipality may enter into loan agreements and issue any type of obligations payable from any security which it is authorized by law to issue for any purpose for funding its flood loss or for funding new flood control barriers or facilities within a city. The funding of its flood loss by a municipality is an essential purpose under chapter 331 or 384.

2. To approve a loan agreement under section 16.183 for this purpose, a municipality shall follow the authorization procedures required for the issuance of general obligation bonds by cities as set out in section 384.25. Chapter 75 is not applicable.

Sec. 6. NEW SECTION. 16.186 OTHER LAWS NOT APPLICABLE.

All other laws governing the authorization and issuance of obligations by municipalities shall not apply to loan agreements entered into by municipalities with the authority for purposes of the program.

Sec. 7. REPEAL. Sections 16.181 through 16.186 are repealed on August 1, 1996. The repeal of sections 16.181 through 16.186 shall not affect the operation or enforceability of any action taken or agreement entered into pursuant to sections 16.181 through 16.186 prior to August 1,

1996, by the authority, a municipality, or a bondholder or noteholder, and section 4.13 applies.

Sec. 8. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2435, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved *May 4* _____, 1994

TERRY E. BRANSTAD
Governor