

Approps. 4-1-96

FILED APR 1 1996

REPRINTED

SENATE FILE 2458
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 2350)

Passed Senate, Date 4/3/96 (p. 1234) Passed House, Date _____
Vote: Ayes 45 Nays 5 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the establishment of the rebuild Iowa
2 financing program and a revolving loan fund, and authorizing
3 the Iowa finance authority to issue bonds and lend the
4 proceeds to certain political subdivisions to finance
5 infrastructure projects.

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

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S.F. 2458

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1 Section 1. NEW SECTION. 16.191 DEFINITIONS.

2 For purposes of this section and sections 16.192 through
3 16.202, unless the context otherwise requires:

4 1. "Cost" means all costs, charges, expenses, or other
5 indebtedness incurred by and determined by a political
6 subdivision as reasonable and necessary for carrying out all
7 works and undertakings necessary or incidental to the
8 accomplishment of any project.

9 2. "Political subdivision" means a city, county, including
10 a county hospital, school district, or community college
11 within the state of Iowa.

12 3. "Program" means the rebuild Iowa financing program
13 established pursuant to section 16.193.

14 4. "Project" means construction or renovation of
15 buildings, appurtenant structures, and utilities, and site
16 development on property owned, operated, or used by a
17 political subdivision for its public purposes. A "project"
18 does not include the costs of operating expenses.

19 5. "Revolving loan fund" means the rebuild Iowa financing
20 program revolving loan fund established in section 16.195.

21 Sec. 2. NEW SECTION. 16.192 LEGISLATIVE FINDINGS.

22 1. Political subdivisions within the state have
23 experienced a deterioration in their buildings, structures,
24 and utilities which the political subdivisions own, operate,
25 or use for public purposes.

26 2. Political subdivisions within the state have a need to
27 construct new buildings, appurtenant structures, and
28 utilities, and to renovate existing buildings, appurtenant
29 structures, and utilities, and to carry out their public
30 purposes.

31 3. The cost of construction and renovation of buildings,
32 appurtenant structures, and utilities owned, operated, or used
33 by a political subdivision has placed severe financial burdens
34 upon political subdivisions.

35 4. There currently exists a shortage of low-cost means by

1 which political subdivisions can borrow or otherwise acquire
2 funds to construct or renovate buildings, appurtenant
3 structures, and utilities.

4 5. The availability of funds and loans from the rebuild
5 Iowa financing program revolving loan fund shall reduce the
6 financing difficulties faced by political subdivisions and
7 permit political subdivisions to provide updated, safe, well-
8 maintained, efficient, and adequate buildings, appurtenant
9 structures, and utilities, for their essential public
10 purposes.

11 6. The provision of updated, safe, well-maintained,
12 efficient, and adequate buildings, appurtenant structures, and
13 utilities by political subdivisions is in the public interest
14 for the health and welfare of the residents of the state and
15 the political subdivisions of the state.

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

19 Sec. 3. NEW SECTION. 16.193 ESTABLISHMENT OF THE REBUILD
20 IOWA FINANCING PROGRAM -- ELIGIBILITY.

21 1. The rebuild Iowa financing program is established for
22 the purpose of making funds and loans available to political
23 subdivisions to finance all or part of the costs of projects.
24 The authority may enter into and provide any agreements,
25 documents, instruments, certificates, data, or information
26 necessary in connection with the operation, administration,
27 and financing of the program consistent with the provisions of
28 sections 16.191 through 16.202, the rules of the authority,
29 and state law.

30 2. In order to be eligible for funds provided under the
31 program, a political subdivision shall prepare annually and
32 submit a five-year project priority plan in accordance with
33 rules adopted by the authority. The plan shall include but is
34 not limited to the following:

35 a. A detailed list of all proposed projects which the

1 political subdivision believes should be undertaken or
2 continued for at least the next five fiscal years.

3 b. Background information regarding each proposed project
4 and the need for the project.

5 c. Information regarding the fiscal effect of each project
6 on future operating expenses of the political subdivision.

7 d. A listing prioritizing all of the projects for the
8 political subdivision.

9 e. The proposed means of funding each project.

10 f. A schedule for the planning and implementation or
11 construction of each project.

12 g. A schedule for the next fiscal year of proposed debt
13 service payments from issues of bonds previously authorized.

14 Sec. 4. NEW SECTION. 16.194 LOAN AGREEMENTS -- BONDS AND
15 NOTES.

16 1. The authority may enter into loan agreements with a
17 political subdivision for the purposes of the program. The
18 principal amount of the loan agreement may include the amount
19 of the cost of the project, plus other amounts which the
20 political subdivision deems necessary or desirable for
21 capitalized interest, costs of issuance, financing costs,
22 credit enhancements, and reserves. The repayment obligation
23 of the political subdivision may be secured by a pledge of
24 debt service taxes, enterprise revenues or income, or revenues
25 of the political subdivision from any source, or by any other
26 security the authority deems advisable. The repayment
27 obligation may be evidenced by one or more notes of the
28 political subdivision. The loan agreement may contain other
29 terms and conditions the authority deems advisable.

30 2. The authority may issue its bonds and notes for the
31 purposes of establishing a revolving loan fund for the program
32 and making loans from the fund to political subdivisions under
33 the program. The authority may enter into one or more lending
34 agreements or purchase agreements with one or more bondholders
35 or noteholders containing the terms and conditions of the

1 repayment of and the security for the bonds or notes. The
2 authority and the bondholders or noteholders or a trustee
3 agent designated by the authority may enter into agreements to
4 provide for any of the following:

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

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

14 c. That the bondholders or noteholders may enforce the
15 remedies provided in the loan agreements or other instruments
16 on their own behalf. If there is a default in the principal
17 of or interest on the bonds or notes or in the performance of
18 any agreement contained in the loan agreements or other
19 instruments, the payment or performance may be enforced in
20 accordance with the loan agreements or other instruments.

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

23 3. The powers granted the authority under this section are
24 in addition to other powers contained in this chapter. All
25 other provisions of this chapter, except section 16.28,
26 subsection 4, apply to bonds or notes issued and powers
27 granted to the authority under this section except to the
28 extent they are inconsistent with this section.

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

33 Sec. 5. NEW SECTION. 16.195 REBUILD IOWA FINANCING
34 PROGRAM REVOLVING LOAN FUND.

35 1. A separate fund is established in the state treasury,

1 to be known as the "rebuild Iowa financing program revolving
2 loan fund".

3 2. The revolving loan fund shall include sums appropriated
4 by the general assembly, all receipts of the revolving loan
5 fund including repayment obligations of political
6 subdivisions, and any other sums designated for deposit to the
7 revolving loan fund from any public or private source. All
8 moneys appropriated to and deposited in the revolving loan
9 fund are appropriated to, pledged to, and shall be used for
10 the sole purpose of making loans to political subdivisions to
11 finance all or part of the cost of projects. The moneys in
12 the revolving loan fund are not considered part of the general
13 fund of the state, are not subject to appropriation for any
14 other purpose by the general assembly, and in determining a
15 general fund balance, shall not be included in the general
16 fund of the state but shall remain in the revolving loan fund
17 to be used for its purposes. The revolving loan fund is a
18 dedicated fund under the administration and control of the
19 authority and subject to section 16.31. Moneys on deposit in
20 the revolving loan fund shall be invested by the treasurer of
21 state in cooperation with the authority, and the income from
22 the investments shall be credited to and deposited in the
23 revolving loan fund. Notwithstanding section 8.33,
24 unobligated and unencumbered moneys from an appropriation for
25 a fiscal year remaining on June 30 of that fiscal year shall
26 not revert to the fund from which they were appropriated but
27 shall remain in the revolving loan fund and shall be available
28 for expenditure in subsequent fiscal years.

29 Sec. 6. NEW SECTION. 16.196 PERIODIC DISBURSEMENTS FROM
30 FUND -- BUDGET.

31 A portion of the moneys deposited in the revolving loan
32 fund shall be used to pay the costs and expenses associated
33 with the program, including administration of the program, as
34 determined by the authority. The authority shall establish a
35 budget for the program for each fiscal year and set aside in

1 an account within the revolving loan fund the amount necessary
2 to pay the costs and expenses associated with the program for
3 that fiscal year. The amount set aside shall be disbursed
4 periodically by the authority to pay the costs and expenses
5 associated with the program. Any amount set aside and not
6 used during a fiscal year shall be returned to the revolving
7 loan fund at the end of the fiscal year.

8 Sec. 7. NEW SECTION. 16.197 POWERS OF POLITICAL
9 SUBDIVISIONS -- AUTHORIZATION PROCEDURES.

10 1. A political subdivision may enter into a loan agreement
11 with the authority and borrow money and issue any type of
12 obligation which it is otherwise authorized to issue for that
13 type of project payable from any security including general
14 debt service tax levies which it is authorized by law to
15 pledge or appropriate to finance the cost of the type of
16 project identified in the loan agreement.

17 2. To approve a loan agreement under section 16.194, a
18 city shall follow the authorization procedures required under
19 section 384.24A.

20 3. To approve a loan agreement under section 16.194, a
21 county shall follow the authorization procedures required
22 under section 331.402, subsection 3.

23 4. To approve a loan agreement under section 16.194, a
24 school district shall follow the following authorization
25 procedures:

26 a. For loan agreements that will be payable from a tax
27 levied under chapter 76, the procedure for the issuance of
28 bonds under chapter 296.

29 b. For loan agreements that will be payable from a voter-
30 approved physical plant and equipment levy under section
31 297.36, the procedures for the imposition of the voter-
32 approved physical plant and equipment levy under section
33 298.2.

34 c. For loan agreements that will be payable from the
35 regular physical plant and equipment levy under section

1 279.48, the procedures for the imposition of the regular
2 physical plant and equipment levy under section 298.2.

3 d. For loan agreements that will be payable from the
4 designated portion of the local option sales and services tax
5 under section 422B.12, the procedures required to issue bonds
6 payable from the designated portion of the local option sales
7 and services tax under section 422B.12.

8 5. To approve a loan agreement under section 16.194, a
9 community college shall follow the authorization procedures
10 required to issue bonds under chapter 260C.

11 Sec. 8. NEW SECTION. 16.198 OTHER LAWS NOT APPLICABLE.

12 All laws other than those specified in sections 16.191
13 through 16.202, governing the authorization and issuance of
14 obligations by political subdivisions, shall not apply to loan
15 agreements entered into by political subdivisions with the
16 authority for purposes of the program.

17 Sec. 9. NEW SECTION. 16.199 SECURITY -- RESERVE FUNDS --
18 PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

19 1. The authority may provide in the resolution, trust
20 agreement, or other instrument authorizing the issuance of its
21 bonds or notes pursuant to section 16.194 that the principal
22 of, premium, and interest on the bonds or notes are payable
23 from any of the following and may pledge the same to its bonds
24 or notes:

25 a. The income and receipts of other money derived from the
26 projects financed with the proceeds of the bonds or notes.

27 b. The income and receipts or other money derived from
28 designated projects whether or not the projects are financed
29 in whole or in part with the proceeds of the bonds or notes.

30 c. The amounts on deposit in the revolving loan fund.

31 d. The amounts payable to the board pursuant to loan
32 agreements with political subdivisions.

33 e. Any other funds or accounts established by the
34 authority in connection with the program or the sale and
35 issuance of its bonds or notes.

1 2. The authority may establish reserve funds to secure one
2 or more issues of its bonds or notes. The authority may
3 deposit in a reserve fund established under this subsection
4 the proceeds of the sale of its bonds or notes and other money
5 which is made available from any other source.

6 3. It is the intention of the general assembly that a
7 pledge made in respect of bonds or notes shall be valid and
8 binding from the time the pledge is made, that the money or
9 property so pledged and received after the pledge by the
10 authority shall immediately be subject to the lien of the
11 pledge without physical delivery or further act, and that the
12 lien of the pledge shall be valid and binding as against all
13 parties having claims of any kind in tort, contract, or
14 otherwise against the authority whether or not the parties
15 have notice of the lien. The resolution, trust agreement, or
16 any other instrument by which a pledge is created does not
17 need to be recorded or filed under the Iowa uniform commercial
18 code to be valid, binding, or effective against the parties.
19 Section 16.26, subsection 7, shall not apply to bonds or notes
20 issued under section 16.194 and the security for the bonds or
21 notes.

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

26 5. The bonds or notes issued by the authority are not an
27 indebtedness or other liability of the state or of a political
28 subdivision of the state within the meaning of any
29 constitutional or statutory debt limitations but are special
30 obligations of the authority. The bonds or notes are payable
31 solely from the income and receipts or other funds or property
32 of the authority, the amounts on deposit in the fund, and the
33 amounts payable to the authority under its resolution, trust
34 agreement, or other instrument of the authority authorizing
35 the issuance of the bonds or notes as security for the bonds

1 or notes. The authority shall not pledge the faith or credit
2 of the state or of a political subdivision of the state to the
3 payment of any bonds or notes. The issuance of any bonds or
4 notes by the authority does not directly, indirectly, or
5 contingently obligate the state or a political subdivision of
6 the state to apply moneys from, or levy or pledge any form of
7 taxation whatever to, the payment of the bonds or notes,
8 except as agreed to by the political subdivision in the loan
9 agreement referred to under section 16.194, subsection 1.

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

23 Sec. 10. NEW SECTION. 16.200 RESERVE FUNDS AND
24 APPROPRIATIONS.

25 1. The authority may create and establish one or more
26 special funds, to be known as "bond reserve funds", which may
27 be held by it or a trustee for the bonds or notes, and shall
28 pay into each bond reserve fund any moneys appropriated and
29 made available by the state for the purpose of the fund, any
30 proceeds of sale of notes or bonds to the extent provided in
31 the resolutions of the authority authorizing their issuance,
32 and any other moneys which may be available to the authority
33 for the purpose of the fund from any other sources. All
34 moneys held in a bond reserve fund, except as otherwise
35 provided in this chapter, shall be used as required solely for

1 the payment of the principal of bonds or notes secured in
2 whole or in part by the fund or of the sinking fund payments
3 with respect to the bonds or notes, the purchase or redemption
4 of the bonds or notes, the payment of interest on the bonds or
5 notes or the payments of any redemption premium required to be
6 paid when the bonds or notes are redeemed prior to maturity.

7 2. Moneys in a bond reserve fund shall not be withdrawn at
8 any time in an amount that will reduce the amount of the fund
9 to less than the bond reserve fund requirement established for
10 the fund, as provided in this section, except for the purpose
11 of making, with respect to bonds or notes secured in whole or
12 in part by the revolving loan fund, payment when due of
13 principal, interest, redemption premiums, and the sinking fund
14 payments with respect to the bonds or notes for the payment of
15 which other moneys of the authority are not available. Any
16 income or interest earned by, or incremental to, a bond
17 reserve fund due to the investment of the bond reserve fund
18 may be transferred by the authority to other funds or accounts
19 of the authority to the extent the transfer does not reduce
20 the amount of that bond reserve fund below the fund's bond
21 reserve fund requirement.

22 3. The authority shall not at any time issue bonds or
23 notes, secured in whole or in part by a bond reserve fund, if,
24 upon the issuance of the bonds or notes, the amount in the
25 bond reserve fund will be less than the bond reserve fund
26 requirement for the fund, unless the authority at the time of
27 issuance of the bonds deposits in the fund from the proceeds
28 of the bonds or notes issued or from other sources an amount
29 which, together with the amount then in the fund, will not be
30 less than the bond reserve fund requirement for the fund. For
31 the purposes of this section, the term "bond reserve fund
32 requirement" means, as of any particular date of computation,
33 an amount of money as provided in the resolutions of the
34 authority authorizing the bonds or notes with respect to which
35 the fund is established.

1 4. To assure the continued operation and solvency of the
2 program, provision is made for the accumulation in each bond
3 reserve fund of an amount equal to the bond reserve fund
4 requirement for the fund. In order to further assure
5 maintenance of the bond reserve funds, the chairperson of the
6 authority shall, on or before July 1 of each calendar year,
7 make and deliver to the governor the chairperson's certificate
8 stating the sum, if any, required to restore each bond reserve
9 fund to the bond reserve fund requirement for that fund.
10 Within thirty days after the beginning of the session of the
11 general assembly next following the delivery of the
12 certificate, the governor may submit to both houses printed
13 copies of a budget including the sum, if any, required to
14 restore each bond reserve fund to the bond reserve fund
15 requirement for that fund. Any sums appropriated by the
16 general assembly and paid to the authority pursuant to this
17 section shall be deposited by the authority in the applicable
18 bond reserve fund.

19 5. All amounts paid over to the authority by the state
20 pursuant to the provisions of this section shall constitute
21 and be accounted for as advances by the state to the authority
22 and, subject to the rights of the holders of any bonds or
23 notes of the authority theretofore or thereafter issued, shall
24 be repaid to the state without interest from all available
25 operating revenues of the authority in excess of amounts
26 required for the payment of bonds, notes, or obligations of
27 the authority, the bond reserve fund, and operating expenses.

28 Sec. 11. NEW SECTION. 16.201 INTEREST SUBSIDY PROGRAM.

29 The authority may create an interest subsidy program for
30 political subdivisions to receive interest subsidy payments
31 from the revolving loan fund for the financing of projects
32 approved by the authority which are not financed by a loan
33 agreement pursuant to section 16.194. The authority may enter
34 into an agreement with the political subdivision for the
35 authority to pay periodically throughout the life of the

1 political subdivision's debt repayment, a certain amount of
2 the interest portion of the political subdivision's debt
3 repayment, as determined by the authority. The authority may
4 adopt rules to implement the interest subsidy program. Rules
5 shall include a process and criteria for approving projects
6 and the amount and method of the subsidy. The authority may
7 issue bonds or notes to fund the amount of the subsidy. The
8 bonds or notes shall be payable from moneys transferred to the
9 authority from the revolving loan fund or from other sources
10 available to the authority. Bonds or notes shall be issued in
11 accordance with the provisions of this chapter.

12 Sec. 12. NEW SECTION. 16.202 PROJECT GRANT PROGRAM.

13 The authority may create a project grant program to provide
14 a political subdivision with a grant from the revolving loan
15 fund to assist in financing projects approved by the
16 authority. A project is not eligible if financed through a
17 loan agreement under section 16.194. The authority may enter
18 into an agreement with the political subdivision to make a
19 one-time grant to the political subdivision to reduce the
20 amount of financing that would otherwise be required of the
21 political subdivision, as determined by the authority. The
22 authority may adopt rules to implement the project grant
23 program including procedures and criteria for approving
24 projects and the amount and method of determination of the
25 grants.

26 EXPLANATION

27 This bill establishes the rebuild Iowa financing program to
28 provide funds to aid cities, counties, including county
29 hospitals, school districts, and community colleges, in
30 financing the cost of vertical infrastructure improvements.
31 The bill requires that for a political subdivision to be
32 eligible for funding, the political subdivision shall submit a
33 five-year project priority plan to the Iowa finance authority.
34 The bill establishes the rebuild Iowa financing program
35 revolving loan fund which, in addition to appropriations made

1 by the general assembly, is funded from the proceeds of bonds
2 issued periodically by the Iowa finance authority, and the
3 repayment of infrastructure loans which are authorized to be
4 made to political subdivisions to finance infrastructure
5 projects. The bill authorizes political subdivisions to
6 borrow from the revolving loan fund by following the
7 procedures currently utilized by political subdivisions to
8 borrow money. The bill allows the Iowa finance authority to
9 create an interest subsidy program and a project grant program
10 to assist political subdivisions to finance projects.

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SENATE FILE 2458

S-5635

- 1 Amend Senate File 2458 as follows:
 2 1. Page 1, line 11, by inserting after the word
 3 "Iowa" the following: "or any other public body which
 4 has the power or duty to certify any tax to be levied
 5 or sum of money to be collected by taxation".
 6 2. Page 7, by inserting after line 10 the
 7 following:
 8 "6. To approve a loan agreement under section
 9 16.194 that will be payable from a tax levied by a
 10 public body, other than a public body provided for in
 11 subsections 2 through 5, the public body shall follow
 12 the authorization procedures required of a public body
 13 to levy a tax."

By MERLIN E. BARTZ

S-5635 FILED APRIL 2, 1996 *w/d 4/3/96 (p.1233)*

SENATE FILE 2458

S-5639

- 1 Amend Senate File 2458 as follows:
 2 1. Page 1, line 11, by inserting after the word
 3 "Iowa" the following: "or any other elected public
 4 body which has the power or duty to certify any tax to
 5 be levied or sum of money to be collected by
 6 taxation".
 7 2. Page 7, by inserting after line 10 the
 8 following:
 9 "6. To approve a loan agreement under section
 10 16.194 that will be payable from a tax levied by an
 11 elected public body, other than a public body provided
 12 for in subsections 2 through 5, the public body shall
 13 follow the authorization procedures required of a
 14 public body to levy a tax."

By MERLIN E. BARTZ

S-5639 FILED APRIL 2, 1996

Last 4/3/96 (p.1234)

SENATE FILE 2458

S-5642

- 1 Amend Senate File 2458 as follows:
 2 1. Page 1, line 9, by inserting after the word
 3 "city," the following: "including a city hospital,".

By DONALD B. REDFERN
JOHNIE HAMMONDS-5642 FILED APRIL 3, 1996
ADOPTED *(p.1233)*

SENATE FILE 2458

S-5662

- 1 Amend Senate File 2458 as follows:
 2 1. By striking page 5, line 29, through page 6,
 3 line 7.
 4 2. By renumbering as necessary.

By MARY NEUHAUSER

S-5662 FILED APRIL 3, 1996
ADOPTED *(p.1234)*

H- 4/8/96 approp.

SENATE FILE **2458**
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 2350)

(AS AMENDED AND PASSED BY THE SENATE APRIL 3, 1996)

- _____ - New Language by the Senate
- * - Language Stricken by the Senate

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

A BILL FOR

1 An Act relating to the establishment of the rebuild Iowa
 2 financing program and a revolving loan fund, and authorizing
 3 the Iowa finance authority to issue bonds and lend the
 4 proceeds to certain political subdivisions to finance
 5 infrastructure projects.

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

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S.F. 2458

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3 16.202, unless the context otherwise requires:

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5 indebtedness incurred by and determined by a political
6 subdivision as reasonable and necessary for carrying out all
7 works and undertakings necessary or incidental to the
8 accomplishment of any project.

9 2. "Political subdivision" means a city, including a city
10 hospital, county, including a county hospital, school
11 district, or community college within the state of Iowa.

12 3. "Program" means the rebuild Iowa financing program
13 established pursuant to section 16.193.

14 4. "Project" means construction or renovation of
15 buildings, appurtenant structures, and utilities, and site
16 development on property owned, operated, or used by a
17 political subdivision for its public purposes. A "project"
18 does not include the costs of operating expenses.

19 5. "Revolving loan fund" means the rebuild Iowa financing
20 program revolving loan fund established in section 16.195.

21 Sec. 2. NEW SECTION. 16.192 LEGISLATIVE FINDINGS.

22 1. Political subdivisions within the state have
23 experienced a deterioration in their buildings, structures,
24 and utilities which the political subdivisions own, operate,
25 or use for public purposes.

26 2. Political subdivisions within the state have a need to
27 construct new buildings, appurtenant structures, and
28 utilities, and to renovate existing buildings, appurtenant
29 structures, and utilities, and to carry out their public
30 purposes.

31 3. The cost of construction and renovation of buildings,
32 appurtenant structures, and utilities owned, operated, or used
33 by a political subdivision has placed severe financial burdens
34 upon political subdivisions.

35 4. There currently exists a shortage of low-cost means by

1 which political subdivisions can borrow or otherwise acquire
2 funds to construct or renovate buildings, appurtenant
3 structures, and utilities.

4 5. The availability of funds and loans from the rebuild
5 Iowa financing program revolving loan fund shall reduce the
6 financing difficulties faced by political subdivisions and
7 permit political subdivisions to provide updated, safe, well-
8 maintained, efficient, and adequate buildings, appurtenant
9 structures, and utilities, for their essential public
10 purposes.

11 6. The provision of updated, safe, well-maintained,
12 efficient, and adequate buildings, appurtenant structures, and
13 utilities by political subdivisions is in the public interest
14 for the health and welfare of the residents of the state and
15 the political subdivisions of the state.

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

19 Sec. 3. NEW SECTION. 16.193 ESTABLISHMENT OF THE REBUILD
20 IOWA FINANCING PROGRAM -- ELIGIBILITY.

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25 documents, instruments, certificates, data, or information
26 necessary in connection with the operation, administration,
27 and financing of the program consistent with the provisions of
28 sections 16.191 through 16.202, the rules of the authority,
29 and state law.

30 2. In order to be eligible for funds provided under the
31 program, a political subdivision shall prepare annually and
32 submit a five-year project priority plan in accordance with
33 rules adopted by the authority. The plan shall include but is
34 not limited to the following:

35 a. A detailed list of all proposed projects which the

1 political subdivision believes should be undertaken or
2 continued for at least the next five fiscal years.

3 b. Background information regarding each proposed project
4 and the need for the project.

5 c. Information regarding the fiscal effect of each project
6 on future operating expenses of the political subdivision.

7 d. A listing prioritizing all of the projects for the
8 political subdivision.

9 e. The proposed means of funding each project.

10 f. A schedule for the planning and implementation or
11 construction of each project.

12 g. A schedule for the next fiscal year of proposed debt
13 service payments from issues of bonds previously authorized.

14 Sec. 4. NEW SECTION. 16.194 LOAN AGREEMENTS -- BONDS AND
15 NOTES.

16 1. The authority may enter into loan agreements with a
17 political subdivision for the purposes of the program. The
18 principal amount of the loan agreement may include the amount
19 of the cost of the project, plus other amounts which the
20 political subdivision deems necessary or desirable for
21 capitalized interest, costs of issuance, financing costs,
22 credit enhancements, and reserves. The repayment obligation
23 of the political subdivision may be secured by a pledge of
24 debt service taxes, enterprise revenues or income, or revenues
25 of the political subdivision from any source, or by any other
26 security the authority deems advisable. The repayment
27 obligation may be evidenced by one or more notes of the
28 political subdivision. The loan agreement may contain other
29 terms and conditions the authority deems advisable.

30 2. The authority may issue its bonds and notes for the
31 purposes of establishing a revolving loan fund for the program
32 and making loans from the fund to political subdivisions under
33 the program. The authority may enter into one or more lending
34 agreements or purchase agreements with one or more bondholders
35 or noteholders containing the terms and conditions of the

1 repayment of and the security for the bonds or notes. The
2 authority and the bondholders or noteholders or a trustee
3 agent designated by the authority may enter into agreements to
4 provide for any of the following:

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

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

14 c. That the bondholders or noteholders may enforce the
15 remedies provided in the loan agreements or other instruments
16 on their own behalf. If there is a default in the principal
17 of or interest on the bonds or notes or in the performance of
18 any agreement contained in the loan agreements or other
19 instruments, the payment or performance may be enforced in
20 accordance with the loan agreements or other instruments.

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

23 3. The powers granted the authority under this section are
24 in addition to other powers contained in this chapter. All
25 other provisions of this chapter, except section 16.28,
26 subsection 4, apply to bonds or notes issued and powers
27 granted to the authority under this section except to the
28 extent they are inconsistent with this section.

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

33 Sec. 5. NEW SECTION. 16.195 REBUILD IOWA FINANCING
34 PROGRAM REVOLVING LOAN FUND.

35 1. A separate fund is established in the state treasury,

1 to be known as the "rebuild Iowa financing program revolving
2 loan fund".

3 2. The revolving loan fund shall include sums appropriated
4 by the general assembly, all receipts of the revolving loan
5 fund including repayment obligations of political
6 subdivisions, and any other sums designated for deposit to the
7 revolving loan fund from any public or private source. All
8 moneys appropriated to and deposited in the revolving loan
9 fund are appropriated to, pledged to, and shall be used for
10 the sole purpose of making loans to political subdivisions to
11 finance all or part of the cost of projects. The moneys in
12 the revolving loan fund are not considered part of the general
13 fund of the state, are not subject to appropriation for any
14 other purpose by the general assembly, and in determining a
15 general fund balance, shall not be included in the general
16 fund of the state but shall remain in the revolving loan fund
17 to be used for its purposes. The revolving loan fund is a
18 dedicated fund under the administration and control of the
19 authority and subject to section 16.31. Moneys on deposit in
20 the revolving loan fund shall be invested by the treasurer of
21 state in cooperation with the authority, and the income from
22 the investments shall be credited to and deposited in the
23 revolving loan fund. Notwithstanding section 8.33,
24 unobligated and unencumbered moneys from an appropriation for
25 a fiscal year remaining on June 30 of that fiscal year shall
26 not revert to the fund from which they were appropriated but
27 shall remain in the revolving loan fund and shall be available
28 for expenditure in subsequent fiscal years.

* 29 Sec. 6. NEW SECTION. 16.197 POWERS OF POLITICAL
30 SUBDIVISIONS -- AUTHORIZATION PROCEDURES.

31 1. A political subdivision may enter into a loan agreement
32 with the authority and borrow money and issue any type of
33 obligation which it is otherwise authorized to issue for that
34 type of project payable from any security including general
35 debt service tax levies which it is authorized by law to

1 pledge or appropriate to finance the cost of the type of
2 project identified in the loan agreement.

3 2. To approve a loan agreement under section 16.194, a
4 city shall follow the authorization procedures required under
5 section 384.24A.

6 3. To approve a loan agreement under section 16.194, a
7 county shall follow the authorization procedures required
8 under section 331.402, subsection 3.

9 4. To approve a loan agreement under section 16.194, a
10 school district shall follow the following authorization
11 procedures:

12 a. For loan agreements that will be payable from a tax
13 levied under chapter 76, the procedure for the issuance of
14 bonds under chapter 296.

15 b. For loan agreements that will be payable from a voter-
16 approved physical plant and equipment levy under section
17 297.36, the procedures for the imposition of the voter-
18 approved physical plant and equipment levy under section
19 298.2.

20 c. For loan agreements that will be payable from the
21 regular physical plant and equipment levy under section
22 279.48, the procedures for the imposition of the regular
23 physical plant and equipment levy under section 298.2.

24 d. For loan agreements that will be payable from the
25 designated portion of the local option sales and services tax
26 under section 422B.12, the procedures required to issue bonds
27 payable from the designated portion of the local option sales
28 and services tax under section 422B.12.

29 5. To approve a loan agreement under section 16.194, a
30 community college shall follow the authorization procedures
31 required to issue bonds under chapter 260C.

32 Sec. 7. NEW SECTION. 16.198 OTHER LAWS NOT APPLICABLE.

33 All laws other than those specified in sections 16.191
34 through 16.202, governing the authorization and issuance of
35 obligations by political subdivisions, shall not apply to loan

1 agreements entered into by political subdivisions with the
2 authority for purposes of the program.

3 Sec. 8. NEW SECTION. 16.199 SECURITY -- RESERVE FUNDS --
4 PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

5 1. The authority may provide in the resolution, trust
6 agreement, or other instrument authorizing the issuance of its
7 bonds or notes pursuant to section 16.194 that the principal
8 of, premium, and interest on the bonds or notes are payable
9 from any of the following and may pledge the same to its bonds
10 or notes:

11 a. The income and receipts of other money derived from the
12 projects financed with the proceeds of the bonds or notes.

13 b. The income and receipts or other money derived from
14 designated projects whether or not the projects are financed
15 in whole or in part with the proceeds of the bonds or notes.

16 c. The amounts on deposit in the revolving loan fund.

17 d. The amounts payable to the board pursuant to loan
18 agreements with political subdivisions.

19 e. Any other funds or accounts established by the
20 authority in connection with the program or the sale and
21 issuance of its bonds or notes.

22 2. The authority may establish reserve funds to secure one
23 or more issues of its bonds or notes. The authority may
24 deposit in a reserve fund established under this subsection
25 the proceeds of the sale of its bonds or notes and other money
26 which is made available from any other source.

27 3. It is the intention of the general assembly that a
28 pledge made in respect of bonds or notes shall be valid and
29 binding from the time the pledge is made, that the money or
30 property so pledged and received after the pledge by the
31 authority shall immediately be subject to the lien of the
32 pledge without physical delivery or further act, and that the
33 lien of the pledge shall be valid and binding as against all
34 parties having claims of any kind in tort, contract, or
35 otherwise against the authority whether or not the parties

1 have notice of the lien. The resolution, trust agreement, or
2 any other instrument by which a pledge is created does not
3 need to be recorded or filed under the Iowa uniform commercial
4 code to be valid, binding, or effective against the parties.
5 Section 16.26, subsection 7, shall not apply to bonds or notes
6 issued under section 16.194 and the security for the bonds or
7 notes.

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

12 5. The bonds or notes issued by the authority are not an
13 indebtedness or other liability of the state or of a political
14 subdivision of the state within the meaning of any
15 constitutional or statutory debt limitations but are special
16 obligations of the authority. The bonds or notes are payable
17 solely from the income and receipts or other funds or property
18 of the authority, the amounts on deposit in the fund, and the
19 amounts payable to the authority under its resolution, trust
20 agreement, or other instrument of the authority authorizing
21 the issuance of the bonds or notes as security for the bonds
22 or notes. The authority shall not pledge the faith or credit
23 of the state or of a political subdivision of the state to the
24 payment of any bonds or notes. The issuance of any bonds or
25 notes by the authority does not directly, indirectly, or
26 contingently obligate the state or a political subdivision of
27 the state to apply moneys from, or levy or pledge any form of
28 taxation whatever to, the payment of the bonds or notes,
29 except as agreed to by the political subdivision in the loan
30 agreement referred to under section 16.194, subsection 1.

31 6. The state pledges to and agrees with the holders of
32 bonds or notes issued under the program that the state will
33 not limit or alter the rights and powers vested in the
34 authority to fulfill the terms of a contract made by the
35 authority with respect to the bonds or notes, or in any way

1 impair the rights and remedies of the holders until the bonds
2 and notes, together with the interest on them including
3 interest on unpaid installments of interest, and all costs and
4 expenses in connection with an action or proceeding by or on
5 behalf of the holders, are fully met and discharged. The
6 authority may include this pledge and agreement of the state,
7 as it refers to holders of bonds or notes of the authority, in
8 a contract with the holders.

9 Sec. 9. NEW SECTION. 16.200 RESERVE FUNDS AND
10 APPROPRIATIONS.

11 1. The authority may create and establish one or more
12 special funds, to be known as "bond reserve funds", which may
13 be held by it or a trustee for the bonds or notes, and shall
14 pay into each bond reserve fund any moneys appropriated and
15 made available by the state for the purpose of the fund, any
16 proceeds of sale of notes or bonds to the extent provided in
17 the resolutions of the authority authorizing their issuance,
18 and any other moneys which may be available to the authority
19 for the purpose of the fund from any other sources. All
20 moneys held in a bond reserve fund, except as otherwise
21 provided in this chapter, shall be used as required solely for
22 the payment of the principal of bonds or notes secured in
23 whole or in part by the fund or of the sinking fund payments
24 with respect to the bonds or notes, the purchase or redemption
25 of the bonds or notes, the payment of interest on the bonds or
26 notes or the payments of any redemption premium required to be
27 paid when the bonds or notes are redeemed prior to maturity.

28 2. Moneys in a bond reserve fund shall not be withdrawn at
29 any time in an amount that will reduce the amount of the fund
30 to less than the bond reserve fund requirement established for
31 the fund, as provided in this section, except for the purpose
32 of making, with respect to bonds or notes secured in whole or
33 in part by the revolving loan fund, payment when due of
34 principal, interest, redemption premiums, and the sinking fund
35 payments with respect to the bonds or notes for the payment of

1 which other moneys of the authority are not available. Any
2 income or interest earned by, or incremental to, a bond
3 reserve fund due to the investment of the bond reserve fund
4 may be transferred by the authority to other funds or accounts
5 of the authority to the extent the transfer does not reduce
6 the amount of that bond reserve fund below the fund's bond
7 reserve fund requirement.

8 3. The authority shall not at any time issue bonds or
9 notes, secured in whole or in part by a bond reserve fund, if,
10 upon the issuance of the bonds or notes, the amount in the
11 bond reserve fund will be less than the bond reserve fund
12 requirement for the fund, unless the authority at the time of
13 issuance of the bonds deposits in the fund from the proceeds
14 of the bonds or notes issued or from other sources an amount
15 which, together with the amount then in the fund, will not be
16 less than the bond reserve fund requirement for the fund. For
17 the purposes of this section, the term "bond reserve fund
18 requirement" means, as of any particular date of computation,
19 an amount of money as provided in the resolutions of the
20 authority authorizing the bonds or notes with respect to which
21 the fund is established.

22 4. To assure the continued operation and solvency of the
23 program, provision is made for the accumulation in each bond
24 reserve fund of an amount equal to the bond reserve fund
25 requirement for the fund. In order to further assure
26 maintenance of the bond reserve funds, the chairperson of the
27 authority shall, on or before July 1 of each calendar year,
28 make and deliver to the governor the chairperson's certificate
29 stating the sum, if any, required to restore each bond reserve
30 fund to the bond reserve fund requirement for that fund.
31 Within thirty days after the beginning of the session of the
32 general assembly next following the delivery of the
33 certificate, the governor may submit to both houses printed
34 copies of a budget including the sum, if any, required to
35 restore each bond reserve fund to the bond reserve fund

1 requirement for that fund. Any sums appropriated by the
2 general assembly and paid to the authority pursuant to this
3 section shall be deposited by the authority in the applicable
4 bond reserve fund.

5 5. All amounts paid over to the authority by the state
6 pursuant to the provisions of this section shall constitute
7 and be accounted for as advances by the state to the authority
8 and, subject to the rights of the holders of any bonds or
9 notes of the authority theretofore or thereafter issued, shall
10 be repaid to the state without interest from all available
11 operating revenues of the authority in excess of amounts
12 required for the payment of bonds, notes, or obligations of
13 the authority, the bond reserve fund, and operating expenses.

14 Sec. 10. NEW SECTION. 16.201 INTEREST SUBSIDY PROGRAM.

15 The authority may create an interest subsidy program for
16 political subdivisions to receive interest subsidy payments
17 from the revolving loan fund for the financing of projects
18 approved by the authority which are not financed by a loan
19 agreement pursuant to section 16.194. The authority may enter
20 into an agreement with the political subdivision for the
21 authority to pay periodically throughout the life of the
22 political subdivision's debt repayment, a certain amount of
23 the interest portion of the political subdivision's debt
24 repayment, as determined by the authority. The authority may
25 adopt rules to implement the interest subsidy program. Rules
26 shall include a process and criteria for approving projects
27 and the amount and method of the subsidy. The authority may
28 issue bonds or notes to fund the amount of the subsidy. The
29 bonds or notes shall be payable from moneys transferred to the
30 authority from the revolving loan fund or from other sources
31 available to the authority. Bonds or notes shall be issued in
32 accordance with the provisions of this chapter.

33 Sec. 11. NEW SECTION. 16.202 PROJECT GRANT PROGRAM.

34 The authority may create a project grant program to provide
35 a political subdivision with a grant from the revolving loan

1 fund to assist in financing projects approved by the
2 authority. A project is not eligible if financed through a
3 loan agreement under section 16.194. The authority may enter
4 into an agreement with the political subdivision to make a
5 one-time grant to the political subdivision to reduce the
6 amount of financing that would otherwise be required of the
7 political subdivision, as determined by the authority. The
8 authority may adopt rules to implement the project grant
9 program including procedures and criteria for approving
10 projects and the amount and method of determination of the
11 grants.

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*Fenthauser
Gronstal
Halvarson
McLaren
Douglas*

SSB 2350

Appropriation
Received by
(S) HF 2458

SENATE FILE
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MURPHY)

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

A BILL FOR

1 An Act relating to the establishment of the rebuild Iowa
2 financing program and a revolving loan fund, and authorizing
3 the Iowa finance authority to issue bonds and lend the
4 proceeds to certain political subdivisions to finance
5 infrastructure projects.

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

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1 which political subdivisions can borrow or otherwise acquire
2 funds to construct or renovate buildings, appurtenant
3 structures, and utilities.

4 5. The availability of funds and loans from the rebuild
5 Iowa financing program revolving loan fund shall reduce the
6 financing difficulties faced by political subdivisions and
7 permit political subdivisions to provide updated, safe, well-
8 maintained, efficient, and adequate buildings, appurtenant
9 structures, and utilities, for their essential public
10 purposes.

11 6. The provision of updated, safe, well-maintained,
12 efficient, and adequate buildings, appurtenant structures, and
13 utilities by political subdivisions is in the public interest
14 for the health and welfare of the residents of the state and
15 the political subdivisions of the state.

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

19 Sec. 3. NEW SECTION. 16.193 ESTABLISHMENT OF THE REBUILD
20 IOWA FINANCING PROGRAM -- ELIGIBILITY.

21 1. The rebuild Iowa financing program is established for
22 the purpose of making funds and loans available to political
23 subdivisions to finance all or part of the costs of projects.
24 The authority may enter into and provide any agreements,
25 documents, instruments, certificates, data, or information
26 necessary in connection with the operation, administration,
27 and financing of the program consistent with the provisions of
28 sections 16.191 through 16.202, the rules of the authority,
29 and state law.

30 2. In order to be eligible for funds provided under the
31 program, a political subdivision shall prepare annually and
32 submit a five-year project priority plan in accordance with
33 rules adopted by the authority. The plan shall include but is
34 not limited to the following:

35 a. A detailed list of all proposed projects which the

1 political subdivision believes should be undertaken or
2 continued for at least the next five fiscal years.

3 b. Background information regarding each proposed project
4 and the need for the project.

5 c. Information regarding the fiscal effect of each project
6 on future operating expenses of the political subdivision.

7 d. A listing prioritizing all of the projects for the
8 political subdivision.

9 e. The proposed means of funding each project.

10 f. A schedule for the planning and implementation or
11 construction of each project.

12 g. A schedule for the next fiscal year of proposed debt
13 service payments from issues of bonds previously authorized.

14 Sec. 4. NEW SECTION. 16.194 LOAN AGREEMENTS -- BONDS AND
15 NOTES.

16 1. The authority may enter into loan agreements with a
17 political subdivision for the purposes of the program. The
18 principal amount of the loan agreement may include the amount
19 of the cost of the project, plus other amounts which the
20 political subdivision deems necessary or desirable for
21 capitalized interest, costs of issuance, financing costs,
22 credit enhancements, and reserves. The repayment obligation
23 of the political subdivision may be secured by a pledge of
24 debt service taxes, enterprise revenues or income, or revenues
25 of the political subdivision from any source, or by any other
26 security the authority deems advisable. The repayment
27 obligation may be evidenced by one or more notes of the
28 political subdivision. The loan agreement may contain other
29 terms and conditions the authority deems advisable.

30 2. The authority may issue its bonds and notes for the
31 purposes of establishing a revolving loan fund for the program
32 and making loans from the fund to political subdivisions under
33 the program. The authority may enter into one or more lending
34 agreements or purchase agreements with one or more bondholders
35 or noteholders containing the terms and conditions of the

1 repayment of and the security for the bonds or notes. The
2 authority and the bondholders or noteholders or a trustee
3 agent designated by the authority may enter into agreements to
4 provide for any of the following:

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

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

14 c. That the bondholders or noteholders may enforce the
15 remedies provided in the loan agreements or other instruments
16 on their own behalf. If there is a default in the principal
17 of or interest on the bonds or notes or in the performance of
18 any agreement contained in the loan agreements or other
19 instruments, the payment or performance may be enforced in
20 accordance with the loan agreements or other instruments.

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

23 3. The powers granted the authority under this section are
24 in addition to other powers contained in this chapter. All
25 other provisions of this chapter, except section 16.28,
26 subsection 4, apply to bonds or notes issued and powers
27 granted to the authority under this section except to the
28 extent they are inconsistent with this section.

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

33 Sec. 5. NEW SECTION. 16.195 REBUILD IOWA FINANCING
34 PROGRAM REVOLVING LOAN FUND.

35 1. A separate fund is established in the state treasury,

1 to be known as the "rebuild Iowa financing program revolving
2 loan fund".

3 2. The revolving loan fund shall include sums appropriated
4 by the general assembly, all receipts of the revolving loan
5 fund including repayment obligations of political
6 subdivisions, and any other sums designated for deposit to the
7 revolving loan fund from any public or private source. All
8 moneys appropriated to and deposited in the revolving loan
9 fund are appropriated to, pledged to, and shall be used for
10 the sole purpose of making loans to political subdivisions to
11 finance all or part of the cost of projects. The moneys in
12 the revolving loan fund are not considered part of the general
13 fund of the state, are not subject to appropriation for any
14 other purpose by the general assembly, and in determining a
15 general fund balance, shall not be included in the general
16 fund of the state but shall remain in the revolving loan fund
17 to be used for its purposes. The revolving loan fund is a
18 dedicated fund under the administration and control of the
19 authority and subject to section 16.31. Moneys on deposit in
20 the revolving loan fund shall be invested by the treasurer of
21 state in cooperation with the authority, and the income from
22 the investments shall be credited to and deposited in the
23 revolving loan fund. Notwithstanding section 8.33,
24 unobligated and unencumbered moneys from an appropriation for
25 a fiscal year remaining on June 30 of that fiscal year shall
26 not revert to the fund from which they were appropriated but
27 shall remain in the revolving loan fund and shall be available
28 for expenditure in subsequent fiscal years.

29 Sec. 6. NEW SECTION. 16.196 PERIODIC DISBURSEMENTS FROM
30 FUND -- BUDGET.

31 A portion of the moneys deposited in the revolving loan
32 fund shall be used to pay the costs and expenses associated
33 with the program, including administration of the program, as
34 determined by the authority. The authority shall establish a
35 budget for the program for each fiscal year and set aside in

1 an account within the revolving loan fund the amount necessary
2 to pay the costs and expenses associated with the program for
3 that fiscal year. The amount set aside shall be disbursed
4 periodically by the authority to pay the costs and expenses
5 associated with the program. Any amount set aside and not
6 used during a fiscal year shall be returned to the revolving
7 loan fund at the end of the fiscal year.

8 Sec. 7. NEW SECTION. 16.197 POWERS OF POLITICAL
9 SUBDIVISIONS -- AUTHORIZATION PROCEDURES.

10 1. A political subdivision may enter into a loan agreement
11 with the authority and borrow money and issue any type of
12 obligation which it is otherwise authorized to issue for that
13 type of project payable from any security including general
14 debt service tax levies which it is authorized by law to
15 pledge or appropriate to finance the cost of the type of
16 project identified in the loan agreement.

17 2. To approve a loan agreement under section 16.194, a
18 city shall follow the authorization procedures required under
19 section 384.24A.

20 3. To approve a loan agreement under section 16.194, a
21 county shall follow the authorization procedures required
22 under section 331.402, subsection 3.

23 4. To approve a loan agreement under section 16.194, a
24 school district shall follow the following authorization
25 procedures:

26 a. For loan agreements that will be payable from a tax
27 levied under chapter 76, the procedure for the issuance of
28 bonds under chapter 296.

29 b. For loan agreements that will be payable from a voter-
30 approved physical plant and equipment levy under section
31 297.36, the procedures for the imposition of the voter-
32 approved physical plant and equipment levy under section
33 298.2.

34 c. For loan agreements that will be payable from the
35 regular physical plant and equipment levy under section

1 279.48, the procedures for the imposition of the regular
2 physical plant and equipment levy under section 298.2.

3 d. For loan agreements that will be payable from the
4 designated portion of the local option sales and services tax
5 under section 422B.12, the procedures required to issue bonds
6 payable from the designated portion of the local option sales
7 and services tax under section 422B.12.

8 5. To approve a loan agreement under section 16.194, a
9 community college shall follow the authorization procedures
10 required to issue bonds under chapter 260C.

11 Sec. 8. NEW SECTION. 16.198 OTHER LAWS NOT APPLICABLE.

12 All laws other than those specified in sections 16.191
13 through 16.202, governing the authorization and issuance of
14 obligations by political subdivisions, shall not apply to loan
15 agreements entered into by political subdivisions with the
16 authority for purposes of the program.

17 Sec. 9. NEW SECTION. 16.199 SECURITY -- RESERVE FUNDS --
18 PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

19 1. The authority may provide in the resolution, trust
20 agreement, or other instrument authorizing the issuance of its
21 bonds or notes pursuant to section 16.194 that the principal
22 of, premium, and interest on the bonds or notes are payable
23 from any of the following and may pledge the same to its bonds
24 or notes:

25 a. The income and receipts of other money derived from the
26 projects financed with the proceeds of the bonds or notes.

27 b. The income and receipts or other money derived from
28 designated projects whether or not the projects are financed
29 in whole or in part with the proceeds of the bonds or notes.

30 c. The amounts on deposit in the revolving loan fund.

31 d. The amounts payable to the board pursuant to loan
32 agreements with political subdivisions.

33 e. Any other funds or accounts established by the
34 authority in connection with the program or the sale and
35 issuance of its bonds or notes.

1 2. The authority may establish reserve funds to secure one
2 or more issues of its bonds or notes. The authority may
3 deposit in a reserve fund established under this subsection
4 the proceeds of the sale of its bonds or notes and other money
5 which is made available from any other source.

6 3. It is the intention of the general assembly that a
7 pledge made in respect of bonds or notes shall be valid and
8 binding from the time the pledge is made, that the money or
9 property so pledged and received after the pledge by the
10 authority shall immediately be subject to the lien of the
11 pledge without physical delivery or further act, and that the
12 lien of the pledge shall be valid and binding as against all
13 parties having claims of any kind in tort, contract, or
14 otherwise against the authority whether or not the parties
15 have notice of the lien. The resolution, trust agreement, or
16 any other instrument by which a pledge is created does not
17 need to be recorded or filed under the Iowa uniform commercial
18 code to be valid, binding, or effective against the parties.
19 Section 16.26, subsection 7, shall not apply to bonds or notes
20 issued under section 16.194 and the security for the bonds or
21 notes.

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

26 5. The bonds or notes issued by the authority are not an
27 indebtedness or other liability of the state or of a political
28 subdivision of the state within the meaning of any
29 constitutional or statutory debt limitations but are special
30 obligations of the authority. The bonds or notes are payable
31 solely from the income and receipts or other funds or property
32 of the authority, the amounts on deposit in the fund, and the
33 amounts payable to the authority under its resolution, trust
34 agreement, or other instrument of the authority authorizing
35 the issuance of the bonds or notes as security for the bonds

1 or notes. The authority shall not pledge the faith or credit
2 of the state or of a political subdivision of the state to the
3 payment of any bonds or notes. The issuance of any bonds or
4 notes by the authority does not directly, indirectly, or
5 contingently obligate the state or a political subdivision of
6 the state to apply moneys from, or levy or pledge any form of
7 taxation whatever to, the payment of the bonds or notes,
8 except as agreed to by the political subdivision in the loan
9 agreement referred to under section 16.194, subsection 1.

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

23 Sec. 10. NEW SECTION. 16.200 RESERVE FUNDS AND
24 APPROPRIATIONS.

25 1. The authority may create and establish one or more
26 special funds, to be known as "bond reserve funds", which may
27 be held by it or a trustee for the bonds or notes, and shall
28 pay into each bond reserve fund any moneys appropriated and
29 made available by the state for the purpose of the fund, any
30 proceeds of sale of notes or bonds to the extent provided in
31 the resolutions of the authority authorizing their issuance,
32 and any other moneys which may be available to the authority
33 for the purpose of the fund from any other sources. All
34 moneys held in a bond reserve fund, except as otherwise
35 provided in this chapter, shall be used as required solely for

1 the payment of the principal of bonds or notes secured in
2 whole or in part by the fund or of the sinking fund payments
3 with respect to the bonds or notes, the purchase or redemption
4 of the bonds or notes, the payment of interest on the bonds or
5 notes or the payments of any redemption premium required to be
6 paid when the bonds or notes are redeemed prior to maturity.

7 2. Moneys in a bond reserve fund shall not be withdrawn at
8 any time in an amount that will reduce the amount of the fund
9 to less than the bond reserve fund requirement established for
10 the fund, as provided in this section, except for the purpose
11 of making, with respect to bonds or notes secured in whole or
12 in part by the revolving loan fund, payment when due of
13 principal, interest, redemption premiums, and the sinking fund
14 payments with respect to the bonds or notes for the payment of
15 which other moneys of the authority are not available. Any
16 income or interest earned by, or incremental to, a bond
17 reserve fund due to the investment of the bond reserve fund
18 may be transferred by the authority to other funds or accounts
19 of the authority to the extent the transfer does not reduce
20 the amount of that bond reserve fund below the fund's bond
21 reserve fund requirement.

22 3. The authority shall not at any time issue bonds or
23 notes, secured in whole or in part by a bond reserve fund, if,
24 upon the issuance of the bonds or notes, the amount in the
25 bond reserve fund will be less than the bond reserve fund
26 requirement for the fund, unless the authority at the time of
27 issuance of the bonds deposits in the fund from the proceeds
28 of the bonds or notes issued or from other sources an amount
29 which, together with the amount then in the fund, will not be
30 less than the bond reserve fund requirement for the fund. For
31 the purposes of this section, the term "bond reserve fund
32 requirement" means, as of any particular date of computation,
33 an amount of money as provided in the resolutions of the
34 authority authorizing the bonds or notes with respect to which
35 the fund is established.

1 4. To assure the continued operation and solvency of the
2 program, provision is made for the accumulation in each bond
3 reserve fund of an amount equal to the bond reserve fund
4 requirement for the fund. In order to further assure
5 maintenance of the bond reserve funds, the chairperson of the
6 authority shall, on or before July 1 of each calendar year,
7 make and deliver to the governor the chairperson's certificate
8 stating the sum, if any, required to restore each bond reserve
9 fund to the bond reserve fund requirement for that fund.
10 Within thirty days after the beginning of the session of the
11 general assembly next following the delivery of the
12 certificate, the governor may submit to both houses printed
13 copies of a budget including the sum, if any, required to
14 restore each bond reserve fund to the bond reserve fund
15 requirement for that fund. Any sums appropriated by the
16 general assembly and paid to the authority pursuant to this
17 section shall be deposited by the authority in the applicable
18 bond reserve fund.

19 5. All amounts paid over to the authority by the state
20 pursuant to the provisions of this section shall constitute
21 and be accounted for as advances by the state to the authority
22 and, subject to the rights of the holders of any bonds or
23 notes of the authority theretofore or thereafter issued, shall
24 be repaid to the state without interest from all available
25 operating revenues of the authority in excess of amounts
26 required for the payment of bonds, notes, or obligations of
27 the authority, the bond reserve fund, and operating expenses.

28 Sec. 11. NEW SECTION. 16.201 INTEREST SUBSIDY PROGRAM.

29 The authority may create an interest subsidy program for
30 political subdivisions to receive interest subsidy payments
31 from the revolving loan fund for the financing of projects
32 approved by the authority which are not financed by a loan
33 agreement pursuant to section 16.194. The authority may enter
34 into an agreement with the political subdivision for the
35 authority to pay periodically throughout the life of the

1 political subdivision's debt repayment, a certain amount of
2 the interest portion of the political subdivision's debt
3 repayment, as determined by the authority. The authority may
4 adopt rules to implement the interest subsidy program. Rules
5 shall include a process and criteria for approving projects
6 and the amount and method of the subsidy. The authority may
7 issue bonds or notes to fund the amount of the subsidy. The
8 bonds or notes shall be payable from moneys transferred to the
9 authority from the revolving loan fund or from other sources
10 available to the authority. Bonds or notes shall be issued in
11 accordance with the provisions of this chapter.

12 Sec. 12. NEW SECTION. 16.202 PROJECT GRANT PROGRAM.

13 The authority may create a project grant program to provide
14 a political subdivision with a grant from the revolving loan
15 fund to assist in financing projects approved by the
16 authority. A project is not eligible if financed through a
17 loan agreement under section 16.194. The authority may enter
18 into an agreement with the political subdivision to make a
19 one-time grant to the political subdivision to reduce the
20 amount of financing that would otherwise be required of the
21 political subdivision, as determined by the authority. The
22 authority may adopt rules to implement the project grant
23 program including procedures and criteria for approving
24 projects and the amount and method of determination of the
25 grants.

26 EXPLANATION

27 This bill establishes the rebuild Iowa financing program to
28 provide funds to aid cities, counties, including county
29 hospitals, school districts, and community colleges, in
30 financing the cost of vertical infrastructure improvements.
31 The bill requires that for a political subdivision to be
32 eligible for funding, the political subdivision shall submit a
33 five-year project priority plan to the Iowa finance authority.
34 The bill establishes the rebuild Iowa financing program
35 revolving loan fund which, in addition to appropriations made

1 by the general assembly, is funded from the proceeds of bonds
2 issued periodically by the Iowa finance authority, and the
3 repayment of infrastructure loans which are authorized to be
4 made to political subdivisions to finance infrastructure
5 projects. The bill authorizes political subdivisions to
6 borrow from the revolving loan fund by following the
7 procedures currently utilized by political subdivisions to
8 borrow money. The bill allows the Iowa finance authority to
9 create an interest subsidy program and a project grant program
10 to assist political subdivisions to finance projects.

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