

MAR 9 2005
Place On Calendar

HOUSE FILE 686
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 201)

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

A BILL FOR

1 An Act relating to the duties and responsibilities of the state
2 board of regents and the institutions under its control.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 686

1 Section 1. Section 11.2, subsection 2, Code 2005, is
2 amended to read as follows:

3 2. a. In conjunction with the audit of the state board of
4 regents required under this section, the auditor of state or a
5 certified public accountant as provided in paragraph "g", in
6 accordance with generally accepted auditing standards, shall
7 perform audit testing on the state board of regents'
8 investments. The auditor, or the certified public accountant,
9 shall report to the state board of regents concerning
10 compliance with state law and state board of regents'
11 investment policies. The state board of regents is
12 responsible for remedying any reported noncompliance with its
13 own policy or practices.

14 b. The state board of regents shall make available to the
15 auditor of state and treasurer of state, or a certified public
16 accountant as provided in paragraph "g", the most recent
17 annual report of any investment entity or investment
18 professional employed by an institution governed by the board.

19 c. All contracts or agreements with an investment entity
20 or investment professional employed by an institution governed
21 by the state board of regents shall require the investment
22 entity or investment professional employed by an institution
23 governed by the state board of regents to notify in writing
24 the state board of regents within thirty days of receipt of
25 all communication from an independent auditor or the auditor
26 of state or any regulatory authority of the existence of a
27 material weakness in internal control structure, or regulatory
28 orders or sanctions against the investment entity or
29 investment professional, with regard to the type of services
30 being performed under the contracts or agreements. This
31 provision shall not be limited or avoided by another
32 contractual provision.

33 d. The audit under this section shall not be certified
34 until the most recent annual reports of any investment entity
35 or investment professional employed by an institution governed

1 by the state board of regents are reviewed by the auditor of
2 state or by a certified public accountant as provided in
3 paragraph "g".

4 e. The review of the most recent annual report to
5 shareholders of an open-end management investment company or
6 an unincorporated investment company or investment trust
7 registered with the federal securities and exchange commission
8 under the federal Investment Company Act of 1940, 15 U.S.C. §
9 80(a), pursuant to 17 C.F.R. § 270.30d-1 or the review, by the
10 person performing the audit, of the most recent annual report
11 to shareholders, call reports, or the findings pursuant to a
12 regular examination under state or federal law, to the extent
13 the findings are not confidential, of a bank, savings and loan
14 association, or credit union shall satisfy the review
15 requirements of this paragraph.

16 f. As used in this subsection, "investment entity" and
17 "investment professional" exclude a bank, savings and loan
18 association, or credit union when acting as an approved
19 depository pursuant to chapter 12C.

20 g. Notwithstanding subsection 1, examinations of the books
21 and accounts of the state board of regents shall be made as
22 determined by the state board of regents either by the auditor
23 of state or by a certified public accountant, certified in the
24 state of Iowa. If the auditor of state makes the examination,
25 the auditor shall be reimbursed by the state board of regents
26 except as provided in paragraph "h".

27 If employing a certified public accountant for purposes of
28 this section, the state board of regents shall utilize
29 procedures that include a request for proposals. If utilizing
30 the auditor of state instead of a certified public accountant,
31 the state board of regents shall notify the auditor of state
32 by June 1 of the year to be audited. If the state board of
33 regents fails to notify the auditor of state of the decision
34 to use the auditor of state, the auditor of state may perform
35 the audit required in this section only if provisions are not

1 made by the state board of regents to contract for the audit.

2 h. In addition to the powers and duties under other
3 provisions of the Code, the auditor of state may at any time
4 cause to be made a complete or partial reaudit of the
5 financial condition and transactions of the state board of
6 regents, if one of the following conditions exists:

7 (1) The auditor of state has probable cause to believe
8 such action is necessary in the public interest because of a
9 material deficiency in an audit of the state board of regents
10 filed with the auditor of state or because of a substantial
11 failure of the audit to comply with the standards and
12 procedures established and published by the auditor of state.

13 (2) The auditor of state receives from an employee of the
14 state board of regents a written request for a complete or
15 partial reaudit of the state board of regents.

16 An audit performed as provided in this paragraph "h" shall
17 be paid from the proper public funds available in the office
18 of the auditor of state. In the event the audited state board
19 of regents recovers damages from a person performing a
20 previous audit due to negligent performance of that audit or
21 breach of the audit contract, the auditor of state shall be
22 entitled to reimbursement on an equitable basis for funds
23 expended from any recovery made by the state board of regents.

24 Sec. 2. Section 11.5B, subsection 5, Code 2005, is amended
25 by striking the subsection.

26 Sec. 3. Section 12B.10C, Code 2005, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 10. The state board of regents governed
29 by chapter 262.

30 Sec. 4. Section 73A.1, subsection 2, Code 2005, is amended
31 to read as follows:

32 2. "Municipality" as used in this chapter means township,
33 school corporation, and state fair board,--and-state-board-of
34 regents.

35 Sec. 5. Section 262.9, subsection 7, Code 2005, is amended

1 to read as follows:

2 ~~7. With the approval of the executive council, acquire~~
3 Acquire real estate for the proper uses of ~~said~~ institutions
4 under its control, and dispose of real estate belonging to
5 ~~said the~~ institutions when not necessary for their purposes.
6 A The disposal of ~~such~~ real estate shall be made upon such
7 terms, conditions, and consideration as the board may
8 recommend ~~and subject to the approval of the executive~~
9 ~~council~~. If real estate subject to sale hereunder has been
10 purchased or acquired from appropriated funds, the proceeds of
11 such sale shall be deposited with the treasurer of state and
12 credited to the general fund of the state. There is hereby
13 appropriated from the general fund of the state a sum equal to
14 the proceeds so deposited and credited to the general fund of
15 the state to the state board of regents, ~~which, with the prior~~
16 ~~approval of the executive council,~~ may be used to purchase
17 other real estate and buildings, and for the construction and
18 alteration of buildings and other capital improvements. All
19 transfers shall be by state patent in the manner provided by
20 law. The board is also authorized to grant easements for
21 rights-of-way over, across, and under the surface of public
22 lands under its jurisdiction when in the board's judgment such
23 easements are desirable and will benefit the state of Iowa.

24 Sec. 6. Section 262.9, subsection 15, unnumbered paragraph
25 2, Code 2005, is amended by striking the unnumbered paragraph.

26 Sec. 7. Section 262.9, Code 2005, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 31. In its discretion, employ or retain
29 attorneys or counsel for all matters for which legal services
30 are desired. This subsection shall supersede the provisions
31 of section 13.7.

32 Sec. 8. Section 262.10, unnumbered paragraph 1, Code 2005,
33 is amended to read as follows:

34 No sale or purchase of real estate shall be made save upon
35 the order of the board, made at a regular meeting, or one

1 called for that purpose, and then in such manner and under
2 such terms as the board may prescribe ~~and-only-with-the~~
3 ~~approval-of-the-executive-council~~. No member of the board or
4 any of its committees, offices or agencies nor any officer of
5 any institution, shall be directly or indirectly interested in
6 such purchase or sale.

7 Sec. 9. Section 262.33A, Code 2005, is amended to read as
8 follows:

9 262.33A FIRE AND ENVIRONMENTAL SAFETY -- REPORT --
10 EXPENDITURES.

11 It is the intent of the general assembly that each
12 institution of higher education under the control of the state
13 board of regents shall, in consultation with the state fire
14 marshal, identify and correct all critical fire and
15 environmental safety deficiencies. ~~The-state-fire-marsh~~
16 ~~shall-report-annually-to-the-joint-subcommittee-on-education~~
17 ~~appropriations.--The-report-shall-include,--but-is-not-limited~~
18 ~~to,--the-identified-deficiencies-in-fire-and-environmental~~
19 ~~safety-at-the-institutions,--and-plans-for-correction-of-the~~
20 ~~deficiencies-and-for-compliance-with-this-section.~~ Commencing
21 July 1, 1993, each institution under the control of the state
22 board of regents shall expend annually for fire safety and
23 deferred maintenance at least the amount budgeted for these
24 purposes for the fiscal year beginning July 1, 1992, in
25 addition to any moneys appropriated from the general fund for
26 these purposes in succeeding years.

27 Sec. 10. Section 262.34, Code 2005, is amended to read as
28 follows:

29 262.34 IMPROVEMENTS -- ADVERTISEMENT FOR BIDS --
30 DISCLOSURES -- PAYMENTS.

31 1. When the estimated cost of construction, repairs, or
32 improvement of buildings or grounds under charge of the state
33 board of regents exceeds ~~twenty-five~~ one hundred thousand
34 dollars, the board shall advertise for bids for the
35 contemplated improvement or construction and shall let the

1 work to the lowest responsible bidder. However, if in the
2 judgment of the board bids received are not acceptable, the
3 board may reject all bids and proceed with the construction,
4 repair, or improvement by a method as the board may determine.
5 All plans and specifications for repairs or construction,
6 together with bids on the plans or specifications, shall be
7 filed by the board and be open for public inspection. All
8 bids submitted under this section shall be accompanied by a
9 deposit of money, a certified check, or a credit union
10 certified share draft in an amount as the board may prescribe.

11 2. A bidder awarded a contract shall disclose the names of
12 all subcontractors, who will work on the project being bid,
13 within forty-eight hours after the award of the contract. If
14 a subcontractor named by a bidder awarded a contract is
15 replaced, or if the cost of work to be done by a subcontractor
16 is reduced, the bidder shall disclose the name of the new
17 subcontractor or the amount of the reduced cost.

18 3. Payments made by the board for the construction of
19 public improvements shall be made in accordance with the
20 provisions of chapter 573 except that:

21 a. Payments may be made without retention until ninety-
22 five percent of the contract amount has been paid. The
23 remaining five percent of the contract amount shall be paid as
24 provided in section 573.14, except that:

25 (1) At any time after all or any part of the work is
26 substantially completed in accordance with paragraph "c", the
27 contractor may require the release of all or part of the
28 retainage owed. Such request shall be accompanied by a waiver
29 of claim rights under the provisions of chapter 573 from any
30 person, firm, or corporation who has, under contract with the
31 principal contractor or with subcontractors performed labor,
32 or furnished materials, service, or transportation in the
33 construction of that portion of the work for which release of
34 the retainage is requested.

35 (2) Upon receipt of the request, the board shall release

1 all or part of the unpaid funds. Retainage that is approved
2 as payable shall be paid at the time of the next monthly
3 payment or within thirty days, whichever is sooner. If
4 partial retainage is released pursuant to a contractor's
5 request, no retainage shall be subsequently held based on that
6 portion of the work. If within thirty days of when payment
7 becomes due the board does not release the retainage due,
8 interest shall accrue on the retainage amount due as provided
9 in section 573.14 until that amount is paid.

10 (3) If at the time of the request for the retainage there
11 are remaining or incomplete minor items, an amount equal to
12 two hundred percent of the value of each remaining or
13 incomplete item, as determined by the board's authorized
14 contract representative, may be withheld until such item or
15 items are completed.

16 (4) An itemization of the remaining or incomplete items,
17 or the reason that the request for release of the retainage
18 was denied, shall be provided to the contractor in writing
19 within thirty calendar days of the receipt of the request for
20 release of retainage.

21 b. For purposes of this section, "authorized contract
22 representative" means the architect or engineer who is in
23 charge of the project and chosen by the board to represent its
24 interests, or if there is no architect or engineer, then such
25 other contract representative or officer as designated in the
26 contract documents as the party representing the board's
27 interest regarding administration and oversight of the
28 project.

29 c. For purposes of this section, "substantially completed"
30 means the first date on which any of the following occurs:

31 (1) Completion of the project or when the work has been
32 substantially completed in general accordance with the terms
33 and provisions of the contract.

34 (2) The work or the portion designated is sufficiently
35 complete in accordance with the requirements of the contract

1 so the board can occupy or utilize the work for its intended
2 purpose.

3 (3) The project is certified as having been substantially
4 completed by either of the following:

5 (a) The architect or engineer authorized to make such
6 certification.

7 (b) The contracting authority representing the board.

8 4. Each contractor or subcontractor shall withhold
9 retainage, if at all, in the same manner as retainage is
10 withheld from the contractor or subcontractor; and each
11 subcontractor shall pass through all retainage payments to
12 lower tier subcontractors in accordance with the provisions of
13 chapter 573.

14 Sec. 11. Section 262.57, unnumbered paragraph 1, Code
15 2005, is amended to read as follows:

16 To pay all or any part of the cost of carrying out any
17 project at any institution the board is authorized to borrow
18 money and to issue and sell negotiable bonds or notes and to
19 refund and refinance bonds or notes heretofore issued or as
20 may be hereafter issued for any project or for refunding
21 purposes at a lower rate, the same rate or a higher rate or
22 rates of interest and from time to time as often as the board
23 shall find it to be advisable and necessary so to do. Such
24 bonds or notes may be sold by said board at public sale in the
25 manner prescribed by chapter 75 but if the board shall find it
26 to be advantageous and in the public interest to do so, such
27 bonds or notes may be sold by the board at private sale
28 without published notice of any kind and without regard to the
29 requirements of chapter 75 in such manner and upon such terms
30 as may be prescribed by the resolution authorizing the same,
31 ~~but such bonds or notes shall in any event be sold upon terms~~
32 ~~of not less than par plus accrued interest.~~ Bonds or notes
33 issued to refund other bonds or notes heretofore or hereafter
34 issued by the board for residence hall or dormitory purposes
35 at any institution, including dining or other facilities and

1 additions, or heretofore or hereafter issued for refunding
2 purposes, may either be sold in the manner hereinbefore
3 specified and the proceeds thereof applied to the payment of
4 the obligations being refunded, or the refunding bonds or
5 notes may be exchanged for and in payment and discharge of the
6 obligations being refunded, and a finding by the board in the
7 resolution authorizing the issuance of such refunding bonds or
8 notes that the bonds or notes being refunded were issued for a
9 purpose specified in this division and constitute binding
10 obligations of the board shall be conclusive and may be relied
11 upon by any holder of any refunding bond or note issued under
12 the provisions of this division. The refunding bonds or notes
13 may be sold or exchanged in installments at different times or
14 an entire issue or series may be sold or exchanged at one
15 time. Any issue or series of refunding bonds or notes may be
16 exchanged in part or sold in parts in installments at
17 different times or at one time. The refunding bonds or notes
18 may be sold or exchanged at any time on, before, or after the
19 maturity of any of the outstanding notes, bonds or other
20 obligations to be refinanced thereby and may be issued for the
21 purpose of refunding a like or greater principal amount of
22 bonds or notes, except that the principal amount of the
23 refunding bonds or notes may exceed the principal amount of
24 the bonds or notes to be refunded to the extent necessary to
25 pay any premium due on the call of the bonds or notes to be
26 refunded or to fund interest in arrears or about to become
27 due.

28 Sec. 12. Section 262.78, subsection 6, Code 2005, is
29 amended by striking the subsection.

30 Sec. 13. Section 262A.5, unnumbered paragraph 1, Code
31 2005, is amended to read as follows:

32 The board is authorized to borrow money under this chapter,
33 and the board may issue and sell negotiable bonds to pay all
34 or any part of the cost of carrying out any project at any
35 institution and may refund and refinance bonds issued for any

1 project or for refunding purposes at the same rate or at a
2 higher or lower rate or rates of interest. Bonds issued under
3 the provisions of this chapter shall be sold by said board at
4 public sale on the basis of sealed proposals received pursuant
5 to a notice specifying the time and place of sale and the
6 amount of bonds to be sold which shall be published at least
7 once not less than seven days prior to the date of sale in a
8 newspaper published in the state of Iowa and having a general
9 circulation in said state. The provisions of chapter 75 shall
10 not apply to bonds issued under authority contained in this
11 ~~chapter, but such bonds shall be sold upon terms of not less~~
12 ~~than par plus accrued interest.~~ Bonds issued to refund other
13 bonds issued under the provisions of this chapter may either
14 be sold in the manner hereinbefore specified and the proceeds
15 thereof applied to the payment of the obligations being
16 refunded, or the refunding bonds may be exchanged for and in
17 payment and discharge of the obligations being refunded. The
18 refunding bonds may be sold or exchanged in installments at
19 different times or an entire issue or series may be sold or
20 exchanged at one time. Any issue or series of refunding bonds
21 may be exchanged in part or sold in parts in installments at
22 different times or at one time. The refunding bonds may be
23 sold or exchanged at any time on, before, or after the
24 maturity of any of the outstanding bonds or other obligations
25 to be refinanced thereby and may be issued for the purpose of
26 refunding a like or greater principal amount of bonds, except
27 that the principal amount of the refunding bonds may exceed
28 the principal amount of the bonds to be refunded to the extent
29 necessary to pay any premium due on the call of the bonds to
30 be refunded or to fund interest in arrears or which is to
31 become due.

32 Sec. 14. Section 266.39F, subsection 2, unnumbered
33 paragraph 2, Code 2005, is amended to read as follows:

34 The provisions of section 262.9, subsection 7, ~~and section~~
35 ~~262.107~~ shall not apply to the sale of any portion of land to

1 be sold in accordance with this section or to the use of the
2 proceeds from the sale of the land.

3 Sec. 15. Section 573.14, unnumbered paragraph 2, Code
4 2005, is amended to read as follows:

5 The public corporation shall order payment of any amount
6 due the contractor to be made in accordance with the terms of
7 the contract. Except as provided in section 573.12 for
8 progress payments, failure to make payment pursuant to this
9 section, of any amount due the contractor, within forty days,
10 unless a greater time period not to exceed fifty days is
11 specified in the contract documents, after the work under the
12 contract has been completed and if the work has been accepted
13 and all required materials, certifications, and other
14 documentations required to be submitted by the contractor and
15 specified by the contract have been furnished the awarding
16 public corporation by the contractor, shall cause interest to
17 accrue on the amount unpaid to the benefit of the unpaid
18 party. Interest shall accrue during the period commencing the
19 thirty-first day following the completion of work and
20 satisfaction of the other requirements of this paragraph and
21 ending on the date of payment. The rate of interest shall be
22 determined by the period of time during which interest
23 accrues, and shall be ~~the same as the rate of interest that is~~
24 ~~in effect under section 126-67~~, calculated as the prime rate
25 plus one percent per year as of the day interest begins to
26 ~~accrue, for a deposit of public funds for a comparable period~~
27 ~~of time~~. This paragraph does not abridge any of the rights
28 set forth in section 573.16. Except as provided in sections
29 573.12 and 573.16, interest shall not accrue on funds retained
30 by the public corporation to satisfy the provisions of this
31 section regarding claims on file. This chapter does not apply
32 if the public corporation has entered into a contract with the
33 federal government or accepted a federal grant which is
34 governed by federal law or rules that are contrary to the
35 provisions of this chapter. For purposes of this unnumbered

1 paragraph, "prime rate" means the prime rate charged by banks
2 on short-term business loans, as determined by the board of
3 governors of the federal reserve system and published in the
4 federal reserve bulletin.

5 Sec. 16. Sections 262.64A, 262.67, 262A.3, 262A.6A,
6 263A.11, 265.6, and 473.12, Code 2005, are repealed.

7 EXPLANATION

8 This bill amends many Code provisions relating to the
9 duties and responsibilities of the state board of regents and
10 the institutions under its control, including the following:

11 Code section 11.2, which requires the auditor of state to
12 examine the books and accounts of every department of the
13 state at least once each year and requires the auditor further
14 to perform audit testing on the state board of regents'
15 investments, is amended by the bill. The bill amends the Code
16 section to allow the examination to be conducted by the
17 auditor of state or by certified public accountants, as
18 determined by the board. The Code section is also amended to
19 permit the auditor of state to cause to be made a complete or
20 partial reaudit of the financial condition and transactions of
21 the board under conditions specified in the bill.

22 Code section 11.5B, requiring state agencies to reimburse
23 the auditor of state for performing agency audits, is amended
24 to exempt the state board of regents from the requirement.

25 Code section 12B.10C, relating to the inclusion in public
26 funds custodial agreements of any provisions necessary to
27 prevent loss of public funds, is amended to exempt the state
28 board of regents.

29 Code section 73A.1, which provides the definitions for the
30 Code chapter that regulates public contracts and bonds, is
31 amended to eliminate a reference to the state board of regents
32 from the definition of "municipality", releasing the board
33 from the regulatory provisions of the chapter.

34 Code section 262.9, which lists the powers and duties of
35 the state board of regents, and Code section 262.10, which

1 relates to the sale or purchase of real estate by the board,
2 are amended to authorize the board to acquire or sell real
3 estate without the approval of the executive council. Code
4 section 266.39F is amended to strike a reference to Code
5 section 262.10. Section 262.9 is also amended to permit the
6 board to employ or retain attorneys for all legal matters and
7 to strike obsolete language.

8 Code section 262.33A, which states legislative intent that
9 the regents institutions consult with the state fire marshal
10 to identify and correct all critical fire and environmental
11 safety deficiencies, is amended to eliminate the requirement
12 that the state fire marshal report annually to the joint
13 subcommittee on education appropriations the identified
14 deficiencies in fire and environmental safety at the
15 institutions, and plans for correction of the deficiencies.

16 Code section 262.34, relating to the estimated costs
17 threshold at which the board must advertise for bids for the
18 construction, repair, or improvement of buildings or grounds,
19 is amended to raise the threshold from \$25,000 to \$100,000;
20 and to make changes relating to payments made, and the
21 retainage of payments, by the board for the construction of
22 public improvements.

23 Code section 262.57, relating to bonds or notes the board
24 is authorized to sell to pay all or any part of the cost of
25 carrying out any project at any regents institution, and Code
26 section 262A.5, relating to authorization for the board to
27 issue and sell negotiable bonds and to refund and refinance
28 bonds to carry out any project in its institutions, are
29 amended to eliminate language that requires that the bonds or
30 notes be sold upon terms of not less than par plus accrued
31 interest.

32 Code section 262.78, which provides for the establishment
33 of a center for agricultural health and safety at the
34 university of Iowa, is amended to eliminate the requirement
35 that the center submit an annual report of its activities to

1 the governor, the secretary of the senate, and the chief clerk
2 of the house of representatives annually.

3 The bill also repeals the following:

4 Code section 262.64A, relating to self-liquidating
5 dormitories, and Code section 263A.11, relating to medical and
6 hospital buildings at the university of Iowa, both of which
7 require that the board determine, in consultation with the
8 legislative services agency, the financial information to be
9 included in line item budget information for projects funded
10 by the issuance of bonds or notes, and that the board submit
11 the information to the general assembly quarterly.

12 Code section 262.67, which requires the board to have the
13 approval of the executive council in order to grant easements
14 for rights-of-way over, across, and under the surface of
15 public lands under its jurisdiction. The bill moves the
16 language authorizing the board to grant easements to Code
17 section 262.9, which lists the board's powers and duties.

18 Code section 262A.3, which requires the board to annually
19 prepare and submit to the general assembly for approval or
20 rejection a proposed five-year building program for each
21 institution, including an estimate of the maximum amount of
22 bonds the board expects to issue during each year of the
23 ensuing biennium.

24 Code section 262A.6A, relating to the Iowa college super
25 savings plan, which requires the board to issue capital
26 appreciation bonds designed to be marketed primarily to Iowans
27 to facilitate savings for future higher education costs.

28 Code section 265.6, which provides that if the board has
29 established a laboratory school, it shall receive aid under
30 the state school foundation program for each pupil enrolled in
31 the laboratory school.

32 Code section 473.12, which requires the board to cause to
33 be performed comprehensive engineering analyses of facilities
34 under its control by June 30, 1989; to implement economically
35 feasible energy conservation measures identified in the

1 analyses; and to annually report to the department of natural
2 resources the status of all energy conservation. The Code
3 section also permits the department to use funds in the state
4 of Iowa facilities improvement corporation to reduce the
5 board's cost of financing the implementation of the energy
6 conservation measures if the department requires, and the
7 board completes, an energy management plan.

8 Code section 573.14, which relates to a fund for the
9 payment of claims for materials furnished and labor performed
10 on the improvement by a public corporation, is amended to
11 change the manner in which interest is calculated on the
12 amount unpaid.

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HOUSE FILE 686

H-1087

1 Amend House File 686 as follows:

2 1. Page 6, by inserting after line 17 the
3 following:

4 "3. All agreements and contracts for construction,
5 repairs, or improvement of buildings and grounds
6 resulting from a bid or any other method determined by
7 the board pursuant to subsection 1 shall specify that
8 work involving the mechanical, electrical, or plumbing
9 trades be completed by persons who are licensed, or
10 registered to perform the work if the person who is
11 registered is supervised by and in the presence of an
12 individual who is licensed, in this state by a local
13 building department or other governmental subdivision,
14 as defined in section 103A.3, to perform that work."

15 2. By renumbering as necessary.

By PAULSEN of Linn

T. TAYLOR of Linn

H-1087 FILED MARCH 15, 2005

HOUSE FILE 686

H-1082

1 Amend House File 686 as follows:

2 1. By striking page 1, line 1, through page 3,
3 line 25.

4 2. Page 4, by striking lines 26 through 31.

5 3. By renumbering as necessary.

By DIX of Butler

WATTS of Dallas

H-1082 FILED MARCH 15, 2005

HOUSE FILE 686

H-1090

1 Amend House File 686 as follows:

2 1. Page 6, by inserting after line 17 the
3 following:

4 "3. All agreements and contracts for construction,
5 repairs, or improvement of buildings and grounds
6 resulting from a bid or any other method determined by
7 the board pursuant to subsection 1 shall specify that
8 work involving the mechanical, electrical, or plumbing
9 trades be completed by persons who are licensed, or
10 registered to perform the work if the person who is
11 registered is supervised by and in the presence of an
12 individual who is licensed, in the county in which the
13 work site is located, or in a county that is
14 contiguous to the county in which the work site is
15 located, by a local building department or other
16 governmental subdivision, as defined in section
17 103A.3, to perform that work."

18 2. By renumbering as necessary.

By T. TAYLOR of Linn

PAULSEN of Linn

H-1090 FILED MARCH 16, 2005

HOUSE FILE 686

H-1122

1 Amend House File 686 as follows:

2 1. Page 1, line 5, by inserting after the word
3 ""g"," the following: "shall conduct audits of the
4 state board of regents and its institutions, including
5 the university of Iowa hospitals and clinics,".

6 2. Page 1, line 6, by striking the word "shall"
7 and inserting the following: "shall".

8 3. Page 1, by striking lines 7 through 10 and
9 inserting the following: "~~perform audit testing on~~
10 ~~the state board of regents' investments. The auditor~~
11 ~~shall report to the state board of regents concerning~~
12 ~~compliance with state law and state board of~~
13 ~~regents'~~".

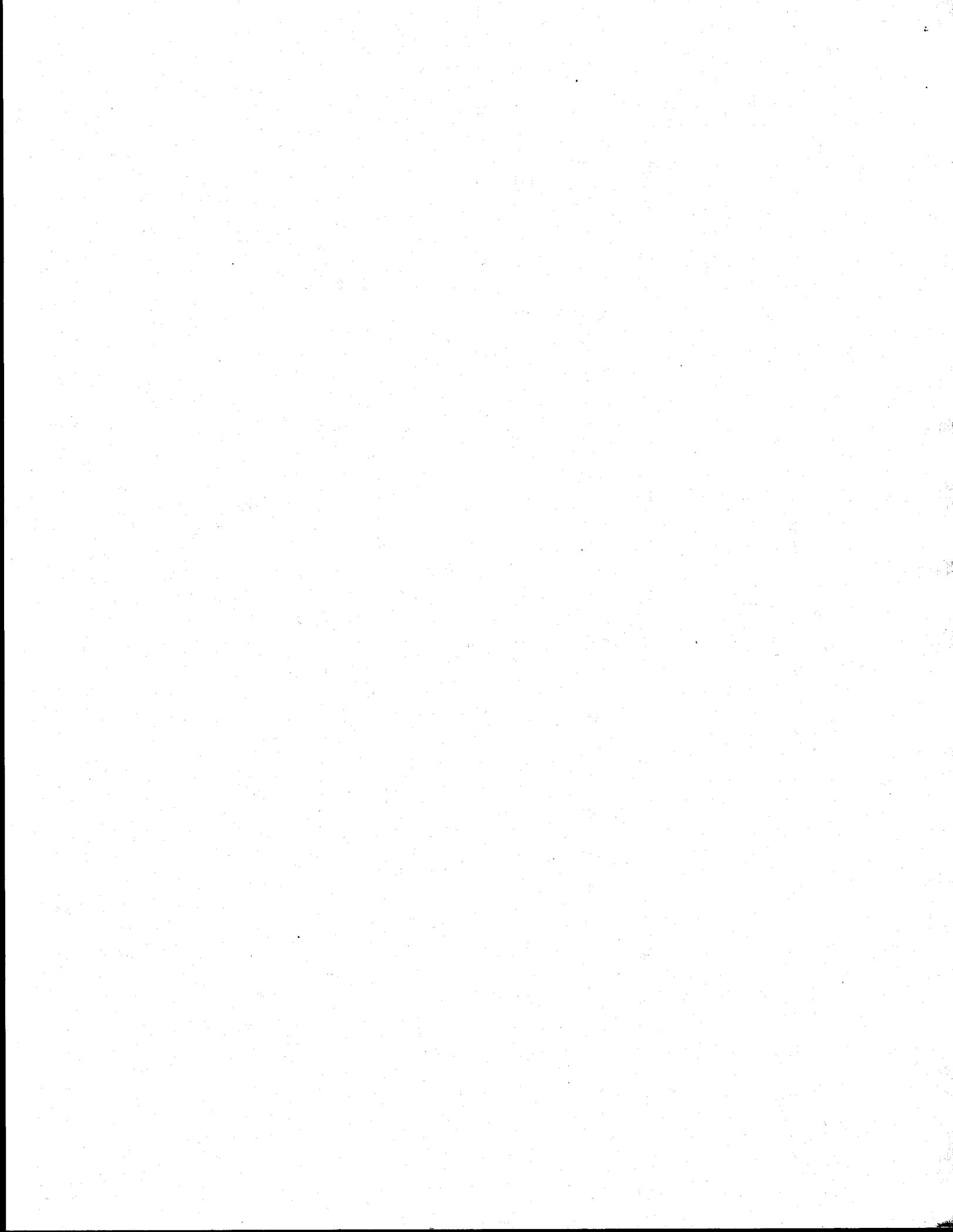
14 4. Page 1, line 11, by striking the words
15 "investment policies" and inserting the following:
16 "~~investment policies~~ this chapter, and the standards
17 applicable to financial audits contained in the
18 government auditing standards issued by the
19 comptroller general of the United States. The audits
20 are public documents that shall be filed with the
21 state board of regents, the state auditor, the chief
22 clerk of the house of representatives, and the
23 secretary of the senate".

24 5. Page 2, line 29, by inserting after the word
25 "proposals." the following: "The state board of
26 regents' requests for proposals shall include the
27 audit requirements as outlined in paragraph "a" and
28 shall be consistent with the board's audit policies,
29 which shall include applicable provisions of the
30 federal Sarbanes-Oxley Act of 2002, such as auditor
31 qualifications, performance of an auditor selection
32 process no less than once every five years, and
33 rotation of audit management at least every five
34 years. The state board of regents shall also request
35 a bid from the auditor of state. This bidding process
36 for audit services shall be available to the board of
37 regents commencing with audit services for the fiscal
38 year beginning July 1, 2006."

39 6. Page 4, line 31, by inserting after the figure
40 "13.7" the following: ", but shall not supersede the
41 provisions of section 13.2".

By JENKINS of Black Hawk
DOLECHECK of Ringgold

H-1122 FILED MARCH 21, 2005



HOUSE FILE 686

H-1125

1 Amend House File 686 as follows:

2 1. Page 10, line 10, by striking the word "not"
3 and inserting the following: "net".

4 2. Page 10, line 12, by inserting after the word
5 "interest" the following: "to the extent not in
6 conflict with this chapter".

7 3. Page 11, by inserting after line 2 the
8 following:

9 "Sec. ____ . Section 573.12, subsection 1,
10 unnumbered paragraph 1, Code 2005, is amended to read
11 as follows:

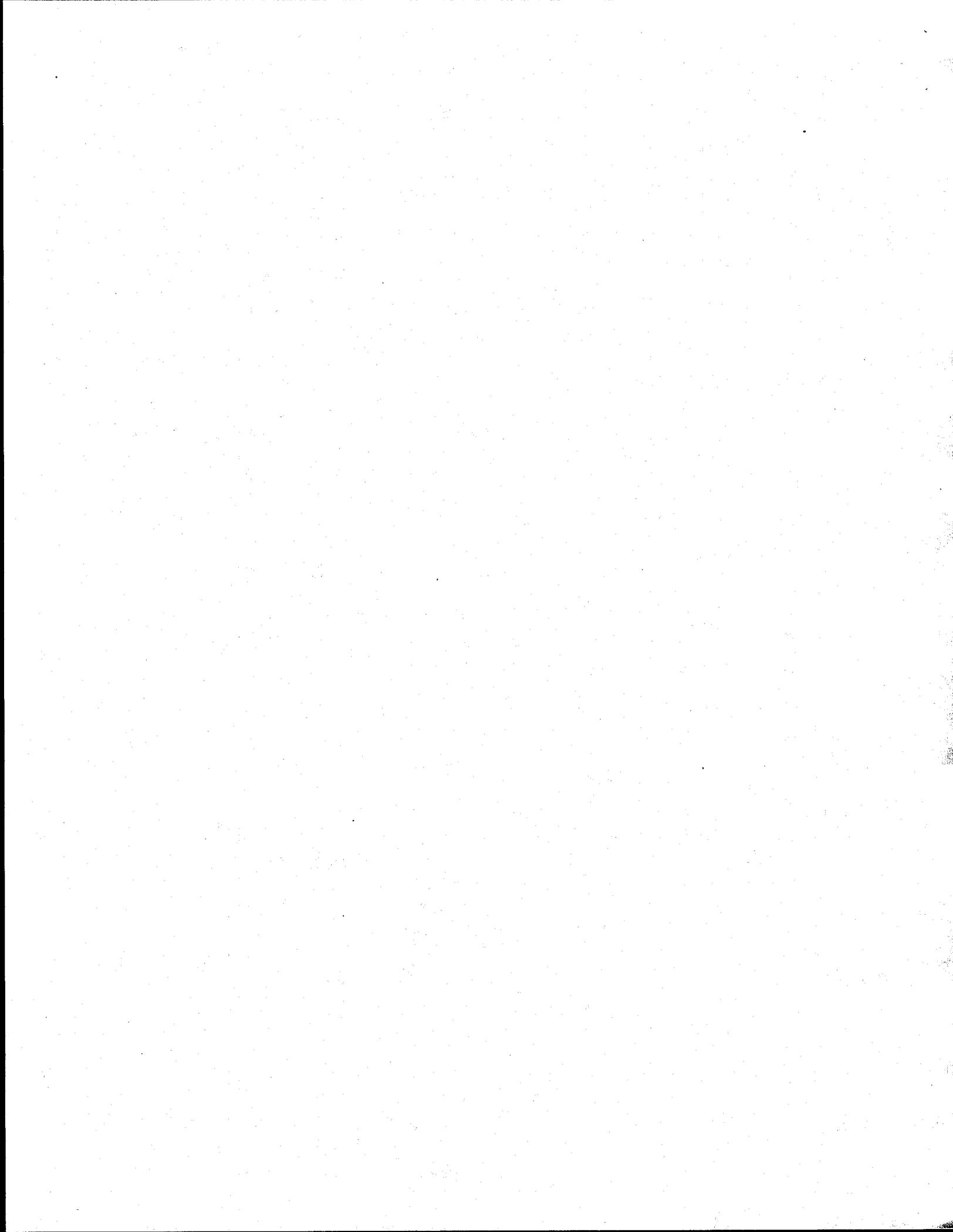
12 Payments made under contracts for the construction
13 of public improvements, unless provided otherwise by
14 law, shall be made on the basis of monthly estimates
15 of labor performed and material delivered, as
16 determined by the project architect or engineer. The
17 public corporation shall retain from each monthly
18 payment not more than five percent of that amount
19 which is determined to be due according to the
20 estimate of the architect or engineer. ~~However,~~
21 ~~institutions governed pursuant to chapter 262 may, on~~
22 ~~contracts where a bond is required under section~~
23 ~~573.2, make payments under this section without~~
24 ~~retention until ninety-five percent of the contract~~
25 ~~amount has been paid and the remaining five percent of~~
26 ~~the contract amount shall be paid as provided under~~
27 ~~section 573.14."~~

28 4. Page 11, by striking lines 23 through 27 and
29 inserting the following: "accrues, and shall be the
30 same as the rate of interest that is in effect under
31 section 12C.6, as of the day interest begins to
32 accrue, for a deposit of public funds for a comparable
33 period of time. However, for institutions governed
34 pursuant to chapter 262, the rate of interest shall be
35 determined by the period of time during which interest
36 accrues, and shall be calculated as the prime rate
37 plus one percent per year as of the day interest
38 begins to accrue. This paragraph does not abridge any
39 of the rights".

40 5. By renumbering as necessary.

By DOLECHECK of Ringgold

H-1125 FILED MARCH 21, 2005



HOUSE FILE 686

H-1132

1 Amend the amendment, H-1082, to House File 686 as
2 follows:

3 1. Page 1, by inserting after line 1 the
4 following:

5 "____. Page 1, by inserting before line 1 the
6 following:

7 "Section 1. STATE AGENCY SERVICES, BILLINGS, AND
8 ALTERNATIVE OPTIONS STUDY. The department of
9 management shall appoint a task force to conduct a
10 study regarding the services provided by state
11 agencies to other state agencies for a fee, the
12 amounts of the fees charged for the services provided,
13 and options for alternative measures for providing the
14 services necessary at a savings to the state agencies
15 using the services. The department of management
16 shall make every effort to appoint an equal number of
17 representatives of state agencies that provide
18 services and representatives of state agencies that
19 use and are charged for those services. The services
20 studied shall include, but shall not be limited to,
21 audit, legal, and technology services. The task force
22 shall submit its findings and recommendations in a
23 report to the senate and house of representatives
24 standing committees on appropriations by December 15,
25 2005."

26 2. Page 1, by inserting after line 4 the
27 following:

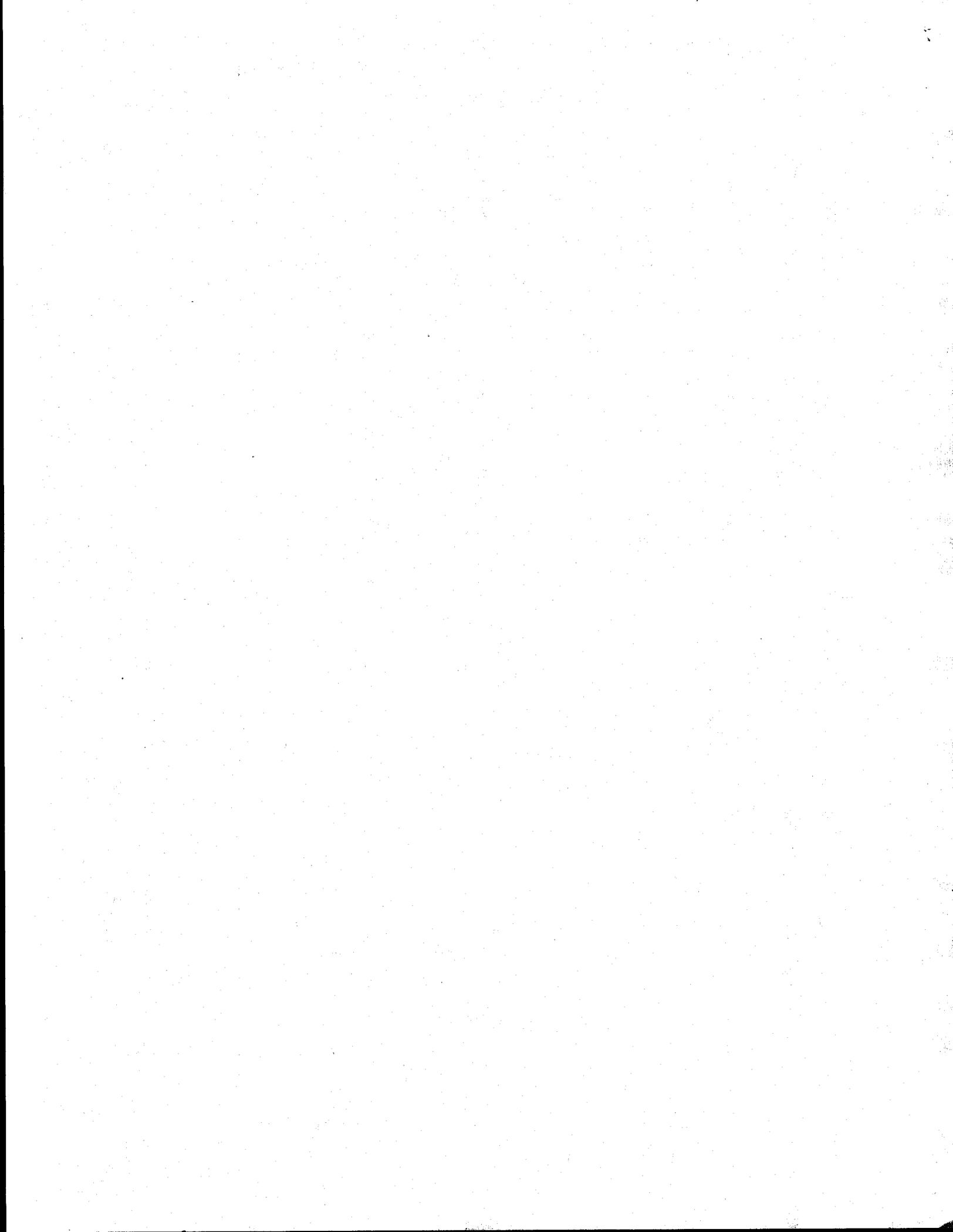
28 "____. Title page, line 1, by inserting after the
29 words "responsibilities of" the following: "certain
30 state agencies, by modifying duties of".

31 _____. Title page, line 2, by inserting after the
32 word "control" the following: "and by providing for a
33 task force on services provided by state agencies to
34 other state agencies".

35 3. By renumbering as necessary.

By DOLECHECK of Ringgold

H-1132 FILED MARCH 21, 2005



HOUSE FILE 686
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 201)

(As Amended and Passed by the House April 13, 2005)

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

A BILL FOR

1 An Act relating to the duties and responsibilities of the state
2 board of regents and the institutions under its control.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____
Deleted Language *

* 1 Section 1. Section 12B.10C, Code 2005, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 10. The state board of regents governed
4 by chapter 262.

5 Sec. 2. Section 73A.1, subsection 2, Code 2005, is amended
6 to read as follows:

7 2. "Municipality" as used in this chapter means township,
8 school corporation, and state fair board, ~~and state board of~~
9 regents.

10 Sec. 3. Section 262.9, subsection 7, Code 2005, is amended
11 to read as follows:

12 ~~7. With the approval of the executive council, acquire~~
13 Acquire real estate for the proper uses of said institutions
14 under its control, and dispose of real estate belonging to
15 said the institutions when not necessary for their purposes.
16 ~~A~~ The disposal of such real estate shall be made upon such
17 terms, conditions, and consideration as the board may
18 recommend ~~and subject to the approval of the executive~~
19 council. If real estate subject to sale hereunder has been
20 purchased or acquired from appropriated funds, the proceeds of
21 such sale shall be deposited with the treasurer of state and
22 credited to the general fund of the state. There is hereby
23 appropriated from the general fund of the state a sum equal to
24 the proceeds so deposited and credited to the general fund of
25 the state to the state board of regents, ~~which with the prior~~
26 ~~approval of the executive council,~~ may be used to purchase
27 other real estate and buildings, ~~and for the construction and~~
28 alteration of buildings and other capital improvements. All
29 transfers shall be by state patent in the manner provided by
30 law. The board is also authorized to grant easements for
31 rights-of-way over, across, and under the surface of public
32 lands under its jurisdiction when in the board's judgment such
33 easements are desirable and will benefit the state of Iowa.

34 Sec. 4. Section 262.9, subsection 15, unnumbered paragraph
35 2, Code 2005, is amended by striking the unnumbered paragraph.

*1 Sec. 5. Section 262.10, unnumbered paragraph 1, Code 2005,
2 is amended to read as follows:

3 No sale or purchase of real estate shall be made save upon
4 the order of the board, made at a regular meeting, or one
5 called for that purpose, and then in such manner and under
6 such terms as the board may prescribe ~~and-only-with-the~~
7 ~~approval-of-the-executive-council~~. No member of the board or
8 any of its committees, offices or agencies nor any officer of
9 any institution, shall be directly or indirectly interested in
10 such purchase or sale.

11 Sec. 6. Section 262.33A, Code 2005, is amended to read as
12 follows:

13 262.33A FIRE AND ENVIRONMENTAL SAFETY -- REPORT --
14 EXPENDITURES.

15 It is the intent of the general assembly that each
16 institution of higher education under the control of the state
17 board of regents shall, in consultation with the state fire
18 marshal, identify and correct all critical fire and
19 environmental safety deficiencies. ~~The-state-fire-marshal~~
20 ~~shall-report-annually-to-the-joint-subcommittee-on-education~~
21 ~~appropriations.--The-report-shall-include,--but-is-not-limited~~
22 ~~to,--the-identified-deficiencies-in-fire-and-environmental~~
23 ~~safety-at-the-institutions,--and-plans-for-correction-of-the~~
24 ~~deficiencies-and-for-compliance-with-this-section.~~ Commencing
25 July 1, 1993, each institution under the control of the state
26 board of regents shall expend annually for fire safety and
27 deferred maintenance at least the amount budgeted for these
28 purposes for the fiscal year beginning July 1, 1992, in
29 addition to any moneys appropriated from the general fund for
30 these purposes in succeeding years.

31 Sec. 7. Section 262.34, Code 2005, is amended to read as
32 follows:

33 262.34 IMPROVEMENTS -- ADVERTISEMENT FOR BIDS --
34 DISCLOSURES -- PAYMENTS.

35 1. When the estimated cost of construction, repairs, or

1 improvement of buildings or grounds under charge of the state
2 board of regents exceeds ~~twenty-five~~ one hundred thousand
3 dollars, the board shall advertise for bids for the
4 contemplated improvement or construction and shall let the
5 work to the lowest responsible bidder. However, if in the
6 judgment of the board bids received are not acceptable, the
7 board may reject all bids and proceed with the construction,
8 repair, or improvement by a method as the board may determine.
9 All plans and specifications for repairs or construction,
10 together with bids on the plans or specifications, shall be
11 filed by the board and be open for public inspection. All
12 bids submitted under this section shall be accompanied by a
13 deposit of money, a certified check, or a credit union
14 certified share draft in an amount as the board may prescribe.

15 2. A bidder awarded a contract shall disclose the names of
16 all subcontractors, who will work on the project being bid,
17 within forty-eight hours after the award of the contract. If
18 a subcontractor named by a bidder awarded a contract is
19 replaced, or if the cost of work to be done by a subcontractor
20 is reduced, the bidder shall disclose the name of the new
21 subcontractor or the amount of the reduced cost.

22 3. Payments made by the board for the construction of
23 public improvements shall be made in accordance with the
24 provisions of chapter 573 except that:

25 a. Payments may be made without retention until ninety-
26 five percent of the contract amount has been paid. The
27 remaining five percent of the contract amount shall be paid as
28 provided in section 573.14, except that:

29 (1) At any time after all or any part of the work is
30 substantially completed in accordance with paragraph "c", the
31 contractor may require the release of all or part of the
32 retainage owed. Such request shall be accompanied by a waiver
33 of claim rights under the provisions of chapter 573 from any
34 person, firm, or corporation who has, under contract with the
35 principal contractor or with subcontractors performed labor,

1 or furnished materials, service, or transportation in the
2 construction of that portion of the work for which release of
3 the retainage is requested.

4 (2) Upon receipt of the request, the board shall release
5 all or part of the unpaid funds. Retainage that is approved
6 as payable shall be paid at the time of the next monthly
7 payment or within thirty days, whichever is sooner. If
8 partial retainage is released pursuant to a contractor's
9 request, no retainage shall be subsequently held based on that
10 portion of the work. If within thirty days of when payment
11 becomes due the board does not release the retainage due,
12 interest shall accrue on the retainage amount due as provided
13 in section 573.14 until that amount is paid.

14 (3) If at the time of the request for the retainage there
15 are remaining or incomplete minor items, an amount equal to
16 two hundred percent of the value of each remaining or
17 incomplete item, as determined by the board's authorized
18 contract representative, may be withheld until such item or
19 items are completed.

20 (4) An itemization of the remaining or incomplete items,
21 or the reason that the request for release of the retainage
22 was denied, shall be provided to the contractor in writing
23 within thirty calendar days of the receipt of the request for
24 release of retainage.

25 b. For purposes of this section, "authorized contract
26 representative" means the architect or engineer who is in
27 charge of the project and chosen by the board to represent its
28 interests, or if there is no architect or engineer, then such
29 other contract representative or officer as designated in the
30 contract documents as the party representing the board's
31 interest regarding administration and oversight of the
32 project.

33 c. For purposes of this section, "substantially completed"
34 means the first date on which any of the following occurs:

35 (1) Completion of the project or when the work has been

1 substantially completed in general accordance with the terms
2 and provisions of the contract.

3 (2) The work or the portion designated is sufficiently
4 complete in accordance with the requirements of the contract
5 so the board can occupy or utilize the work for its intended
6 purpose.

7 (3) The project is certified as having been substantially
8 completed by either of the following:

9 (a) The architect or engineer authorized to make such
10 certification.

11 (b) The contracting authority representing the board.

12 4. Each contractor or subcontractor shall withhold
13 retainage, if at all, in the same manner as retainage is
14 withheld from the contractor or subcontractor; and each
15 subcontractor shall pass through all retainage payments to
16 lower tier subcontractors in accordance with the provisions of
17 chapter 573.

18 Sec. 8. Section 262.57, unnumbered paragraph 1, Code 2005,
19 is amended to read as follows:

20 To pay all or any part of the cost of carrying out any
21 project at any institution the board is authorized to borrow
22 money and to issue and sell negotiable bonds or notes and to
23 refund and refinance bonds or notes heretofore issued or as
24 may be hereafter issued for any project or for refunding
25 purposes at a lower rate, the same rate or a higher rate or
26 rates of interest and from time to time as often as the board
27 shall find it to be advisable and necessary so to do. Such
28 bonds or notes may be sold by said board at public sale in the
29 manner prescribed by chapter 75 but if the board shall find it
30 to be advantageous and in the public interest to do so, such
31 bonds or notes may be sold by the board at private sale
32 without published notice of any kind and without regard to the
33 requirements of chapter 75 in such manner and upon such terms
34 as may be prescribed by the resolution authorizing the same,
35 ~~but-such-bonds-or-notes-shall-in-any-event-be-sold-upon-terms~~

1 ~~of-not-less-than-par-plus-accrued-interest.~~ Bonds or notes
2 issued to refund other bonds or notes heretofore or hereafter
3 issued by the board for residence hall or dormitory purposes
4 at any institution, including dining or other facilities and
5 additions, or heretofore or hereafter issued for refunding
6 purposes, may either be sold in the manner hereinbefore
7 specified and the proceeds thereof applied to the payment of
8 the obligations being refunded, or the refunding bonds or
9 notes may be exchanged for and in payment and discharge of the
10 obligations being refunded, and a finding by the board in the
11 resolution authorizing the issuance of such refunding bonds or
12 notes that the bonds or notes being refunded were issued for a
13 purpose specified in this division and constitute binding
14 obligations of the board shall be conclusive and may be relied
15 upon by any holder of any refunding bond or note issued under
16 the provisions of this division. The refunding bonds or notes
17 may be sold or exchanged in installments at different times or
18 an entire issue or series may be sold or exchanged at one
19 time. Any issue or series of refunding bonds or notes may be
20 exchanged in part or sold in parts in installments at
21 different times or at one time. The refunding bonds or notes
22 may be sold or exchanged at any time on, before, or after the
23 maturity of any of the outstanding notes, bonds or other
24 obligations to be refinanced thereby and may be issued for the
25 purpose of refunding a like or greater principal amount of
26 bonds or notes, except that the principal amount of the
27 refunding bonds or notes may exceed the principal amount of
28 the bonds or notes to be refunded to the extent necessary to
29 pay any premium due on the call of the bonds or notes to be
30 refunded or to fund interest in arrears or about to become
31 due.

32 Sec. 9. Section 262.78, subsection 6, Code 2005, is
33 amended by striking the subsection.

34 Sec. 10. Section 262A.5, unnumbered paragraph 1, Code
35 2005, is amended to read as follows:

1 The board is authorized to borrow money under this chapter,
2 and the board may issue and sell negotiable bonds to pay all
3 or any part of the cost of carrying out any project at any
4 institution and may refund and refinance bonds issued for any
5 project or for refunding purposes at the same rate or at a
6 higher or lower rate or rates of interest. Bonds issued under
7 the provisions of this chapter shall be sold by said board at
8 public sale on the basis of sealed proposals received pursuant
9 to a notice specifying the time and place of sale and the
10 amount of bonds to be sold which shall be published at least
11 once not less than seven days prior to the date of sale in a
12 newspaper published in the state of Iowa and having a general
13 circulation in said state. The provisions of chapter 75 shall
14 not apply to bonds issued under authority contained in this
15 ~~chapter, but such bonds shall be sold upon terms of not less~~
16 ~~than par plus accrued interest~~ to the extent not in conflict
17 with this chapter. Bonds issued to refund other bonds issued
18 under the provisions of this chapter may either be sold in the
19 manner hereinbefore specified and the proceeds thereof applied
20 to the payment of the obligations being refunded, or the
21 refunding bonds may be exchanged for and in payment and
22 discharge of the obligations being refunded. The refunding
23 bonds may be sold or exchanged in installments at different
24 times or an entire issue or series may be sold or exchanged at
25 one time. Any issue or series of refunding bonds may be
26 exchanged in part or sold in parts in installments at
27 different times or at one time. The refunding bonds may be
28 sold or exchanged at any time on, before, or after the
29 maturity of any of the outstanding bonds or other obligations
30 to be refinanced thereby and may be issued for the purpose of
31 refunding a like or greater principal amount of bonds, except
32 that the principal amount of the refunding bonds may exceed
33 the principal amount of the bonds to be refunded to the extent
34 necessary to pay any premium due on the call of the bonds to
35 be refunded or to fund interest in arrears or which is to

1 become due.

2 Sec. 11. Section 266.39F, subsection 2, unnumbered
3 paragraph 2, Code 2005, is amended to read as follows:

4 The provisions of section 262.9, subsection 7, ~~and section~~
5 ~~262.107~~, shall not apply to the sale of any portion of land to
6 be sold in accordance with this section or to the use of the
7 proceeds from the sale of the land.

8 Sec. 12. Section 573.12, subsection 1, unnumbered
9 paragraph 1, Code 2005, is amended to read as follows:

10 Payments made under contracts for the construction of
11 public improvements, unless provided otherwise by law, shall
12 be made on the basis of monthly estimates of labor performed
13 and material delivered, as determined by the project architect
14 or engineer. The public corporation shall retain from each
15 monthly payment not more than five percent of that amount
16 which is determined to be due according to the estimate of the
17 architect or engineer. However, ~~institutions-governed~~
18 ~~pursuant to chapter 262 may, on contracts where a bond is~~
19 ~~required under section 573.27, make payments under this section~~
20 ~~without retention until ninety-five percent of the contract~~
21 ~~amount has been paid and the remaining five percent of the~~
22 ~~contract amount shall be paid as provided under section~~
23 ~~573.14.~~

24 Sec. 13. Section 573.14, unnumbered paragraph 2, Code
25 2005, is amended to read as follows:

26 The public corporation shall order payment of any amount
27 due the contractor to be made in accordance with the terms of
28 the contract. Except as provided in section 573.12 for
29 progress payments, failure to make payment pursuant to this
30 section, of any amount due the contractor, within forty days,
31 unless a greater time period not to exceed fifty days is
32 specified in the contract documents, after the work under the
33 contract has been completed and if the work has been accepted
34 and all required materials, certifications, and other
35 documentations required to be submitted by the contractor and

1 specified by the contract have been furnished the awarding
2 public corporation by the contractor, shall cause interest to
3 accrue on the amount unpaid to the benefit of the unpaid
4 party. Interest shall accrue during the period commencing the
5 thirty-first day following the completion of work and
6 satisfaction of the other requirements of this paragraph and
7 ending on the date of payment. The rate of interest shall be
8 determined by the period of time during which interest
9 accrues, and shall be the same as the rate of interest that is
10 in effect under section 12C.6, as of the day interest begins
11 to accrue, for a deposit of public funds for a comparable
12 period of time. However, for institutions governed pursuant
13 to chapter 262, the rate of interest shall be determined by
14 the period of time during which interest accrues, and shall be
15 calculated as the prime rate plus one percent per year as of
16 the day interest begins to accrue. This paragraph does not
17 abridge any of the rights set forth in section 573.16. Except
18 as provided in sections 573.12 and 573.16, interest shall not
19 accrue on funds retained by the public corporation to satisfy
20 the provisions of this section regarding claims on file. This
21 chapter does not apply if the public corporation has entered
22 into a contract with the federal government or accepted a
23 federal grant which is governed by federal law or rules that
24 are contrary to the provisions of this chapter. For purposes
25 of this unnumbered paragraph, "prime rate" means the prime
26 rate charged by banks on short-term business loans, as
27 determined by the board of governors of the federal reserve
28 system and published in the federal reserve bulletin.

29 Sec. 14. Sections 262.64A, 262.67, 262A.3, 262A.6A,
30 263A.11, 265.6, and 473.12, Code 2005, are repealed.

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Dolecheck
Soderberg
Winkler

Succeeded by
S O'Boyle

HSB 201
EDUCATION

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
EDUCATION BILL BY
CHAIRPERSON TYMESON)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the duties and responsibilities of the state
2 board of regents and the institutions under its control and
3 providing for the nonreversion of funds.

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

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1 Section 1. Section 8D.9, subsection 2, paragraph a, Code
2 2005, is amended to read as follows:

3 a. A private or public agency, other than the state board
4 of regents and its institutions, which certifies to the
5 commission pursuant to subsection 1 that the agency is a part
6 of or intends to become a part of the network shall use the
7 network for all video, data, and voice requirements of the
8 agency unless the private or public agency petitions the
9 commission for a waiver and one of the following applies:

10 Sec. 2. Section 8D.9, subsection 2, Code 2005, is amended
11 by adding the following new paragraph:

12 NEW PARAGRAPH. c. The state board of regents and its
13 institutions, which are a part of the network, may use the
14 network for any or all video, data, and voice requirements of
15 the board and its institutions.

16 Sec. 3. Section 8D.10, Code 2005, is amended to read as
17 follows:

18 8D.10 REPORT OF SAVINGS BY STATE AGENCIES.

19 A state agency which is a part of the network shall
20 annually provide a written report to the general assembly
21 certifying the identified savings associated with the state
22 agency's use of the network. The report submitted by the
23 state board of regents and the institutions under its control
24 shall also include the identified excess costs associated with
25 use of the network by the board and its institutions. The
26 report shall be delivered on or before January 15 for the
27 previous fiscal year of the state agency.

28 Sec. 4. Section 11.2, subsection 2, Code 2005, is amended
29 to read as follows:

30 2. a. In conjunction with the audit of the state board of
31 regents required under this section, the auditor of state or a
32 certified public accountant as provided in paragraph "g", in
33 accordance with generally accepted auditing standards, shall
34 perform audit testing on the state board of regents'
35 investments. The auditor, or the certified public accountant,

1 shall report to the state board of regents concerning
2 compliance with state law and state board of regents'
3 investment policies. The state board of regents is
4 responsible for remedying any reported noncompliance with its
5 own policy or practices.

6 b. The state board of regents shall make available to the
7 auditor of state and treasurer of state, or a certified public
8 accountant as provided in paragraph "g", the most recent
9 annual report of any investment entity or investment
10 professional employed by an institution governed by the board.

11 c. All contracts or agreements with an investment entity
12 or investment professional employed by an institution governed
13 by the state board of regents shall require the investment
14 entity or investment professional employed by an institution
15 governed by the state board of regents to notify in writing
16 the state board of regents within thirty days of receipt of
17 all communication from an independent auditor or the auditor
18 of state or any regulatory authority of the existence of a
19 material weakness in internal control structure, or regulatory
20 orders or sanctions against the investment entity or
21 investment professional, with regard to the type of services
22 being performed under the contracts or agreements. This
23 provision shall not be limited or avoided by another
24 contractual provision.

25 d. The audit under this section shall not be certified
26 until the most recent annual reports of any investment entity
27 or investment professional employed by an institution governed
28 by the state board of regents are reviewed by the auditor of
29 state or by a certified public accountant as provided in
30 paragraph "g".

31 e. The review of the most recent annual report to
32 shareholders of an open-end management investment company or
33 an unincorporated investment company or investment trust
34 registered with the federal securities and exchange commission
35 under the federal Investment Company Act of 1940, 15 U.S.C. §

1 80(a), pursuant to 17 C.F.R. § 270.30d-1 or the review, by the
2 person performing the audit, of the most recent annual report
3 to shareholders, call reports, or the findings pursuant to a
4 regular examination under state or federal law, to the extent
5 the findings are not confidential, of a bank, savings and loan
6 association, or credit union shall satisfy the review
7 requirements of this paragraph.

8 f. As used in this subsection, "investment entity" and
9 "investment professional" exclude a bank, savings and loan
10 association, or credit union when acting as an approved
11 depository pursuant to chapter 12C.

12 g. Notwithstanding subsection 1, examinations of the books
13 and accounts of the state board of regents shall be made as
14 determined by the state board of regents either by the auditor
15 of state or by a certified public accountant, certified in the
16 state of Iowa. If the auditor of state makes the examination,
17 the auditor shall be reimbursed by the state board of regents
18 except as provided in paragraph "h".

19 If employing a certified public accountant for purposes of
20 this section, the state board of regents shall utilize
21 procedures that include a request for proposals. If utilizing
22 the auditor of state instead of a certified public accountant,
23 the state board of regents shall notify the auditor of state
24 by June 1 of the year to be audited. If the state board of
25 regents fails to notify the auditor of state of the decision
26 to use the auditor of state, the auditor of state may perform
27 the audit required in this section only if provisions are not
28 made by the state board of regents to contract for the audit.

29 h. In addition to the powers and duties under other
30 provisions of the Code, the auditor of state may at any time
31 cause to be made a complete or partial reaudit of the
32 financial condition and transactions of the state board of
33 regents, if one of the following conditions exists:

34 (1) The auditor of state has probable cause to believe
35 such action is necessary in the public interest because of a

1 material deficiency in an audit of the state board of regents
2 filed with the auditor of state or because of a substantial
3 failure of the audit to comply with the standards and
4 procedures established and published by the auditor of state.

5 (2) The auditor of state receives from an employee of the
6 state board of regents a written request for a complete or
7 partial reaudit of the state board of regents.

8 An audit performed as provided in this paragraph "h" shall
9 be paid from the proper public funds available in the office
10 of the auditor of state. In the event the audited state board
11 of regents recovers damages from a person performing a
12 previous audit due to negligent performance of that audit or
13 breach of the audit contract, the auditor of state shall be
14 entitled to reimbursement on an equitable basis for funds
15 expended from any recovery made by the state board of regents.

16 Sec. 5. Section 11.5B, subsection 5, Code 2005, is amended
17 by striking the subsection.

18 Sec. 6. Section 12B.10C, Code 2005, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 10. The state board of regents governed
21 by chapter 262.

22 Sec. 7. Section 73A.1, subsection 2, Code 2005, is amended
23 to read as follows:

24 2. "Municipality" as used in this chapter means township,
25 school corporation, and state fair board, ~~and state board of~~
26 regents.

27 Sec. 8. Section 262.9, subsection 7, Code 2005, is amended
28 to read as follows:

29 ~~7. With the approval of the executive council, acquire~~
30 Acquire real estate for the proper uses of ~~said~~ institutions
31 under its control, and dispose of real estate belonging to
32 ~~said~~ the institutions when not necessary for their purposes.
33 ~~A~~ The disposal of ~~such~~ real estate shall be made upon such
34 terms, conditions, and consideration as the board may
35 recommend ~~and subject to the approval of the executive~~

1 council. If real estate subject to sale hereunder has been
2 purchased or acquired from appropriated funds, the proceeds of
3 such sale shall be deposited with the treasurer of state and
4 credited to the general fund of the state. There is hereby
5 appropriated from the general fund of the state a sum equal to
6 the proceeds so deposited and credited to the general fund of
7 the state to the state board of regents, ~~which, with the prior~~
8 ~~approval of the executive council,~~ may be used to purchase
9 other real estate and buildings, and for the construction and
10 alteration of buildings and other capital improvements. All
11 transfers shall be by state patent in the manner provided by
12 law. The board is also authorized to grant easements for
13 rights-of-way over, across, and under the surface of public
14 lands under its jurisdiction when in the board's judgment such
15 easements are desirable and will benefit the state of Iowa.

16 Sec. 9. Section 262.9, subsection 15, unnumbered paragraph
17 2, Code 2005, is amended by striking the unnumbered paragraph.

18 Sec. 10. Section 262.9, Code 2005, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 30. In its discretion, employ or retain
21 attorneys or counsel for all matters for which legal services
22 are desired. This subsection shall supersede the provisions
23 of section 13.7.

24 Sec. 11. Section 262.10, unnumbered paragraph 1, Code
25 2005, is amended to read as follows:

26 No sale or purchase of real estate shall be made save upon
27 the order of the board, made at a regular meeting, or one
28 called for that purpose, and then in such manner and under
29 such terms as the board may prescribe ~~and only with the~~
30 ~~approval of the executive council.~~ No member of the board or
31 any of its committees, offices or agencies nor any officer of
32 any institution, shall be directly or indirectly interested in
33 such purchase or sale.

34 Sec. 12. Section 262.28, Code 2005, is amended to read as
35 follows:

1 262.28 APPROPRIATIONS -- MONTHLY INSTALLMENTS --

2 NONREVERSION.

3 1. All appropriations made payable annually to each of the
4 institutions under the control of the board of regents shall
5 be paid in twelve equal monthly installments on the last day
6 of each month on order of said the board.

7 2. Notwithstanding section 8.33, moneys appropriated to
8 the board of regents or to an institution under the control of
9 the board which are unencumbered and unobligated at the close
10 of the fiscal year for which they were appropriated shall not
11 revert but shall remain available for expenditure for the same
12 purposes in the succeeding fiscal year.

13 Sec. 13. Section 262.33A, Code 2005, is amended to read as
14 follows:

15 262.33A FIRE AND ENVIRONMENTAL SAFETY -- REPORT --
16 EXPENDITURES.

17 It is the intent of the general assembly that each
18 institution of higher education under the control of the state
19 board of regents shall, in consultation with the state fire
20 marshal, identify and correct all critical fire and
21 environmental safety deficiencies. ~~The state fire marshal~~
22 ~~shall report annually to the joint subcommittee on education~~
23 ~~appropriations. The report shall include, but is not limited~~
24 ~~to, the identified deficiencies in fire and environmental~~
25 ~~safety at the institutions, and plans for correction of the~~
26 ~~deficiencies and for compliance with this section.~~ Commencing
27 July 1, 1993, each institution under the control of the state
28 board of regents shall expend annually for fire safety and
29 deferred maintenance at least the amount budgeted for these
30 purposes for the fiscal year beginning July 1, 1992, in
31 addition to any moneys appropriated from the general fund for
32 these purposes in succeeding years.

33 Sec. 14. Section 262.34, Code 2005, is amended to read as
34 follows:

35 262.34 IMPROVEMENTS -- ADVERTISEMENT FOR BIDS --

1 DISCLOSURES -- PAYMENTS.

2 1. When the estimated cost of construction, repairs, or
3 improvement of buildings or grounds under charge of the state
4 board of regents exceeds twenty-five one hundred thousand
5 dollars, the board shall advertise for bids for the
6 contemplated improvement or construction and shall let the
7 work to the lowest responsible bidder. However, if in the
8 judgment of the board bids received are not acceptable, the
9 board may reject all bids and proceed with the construction,
10 repair, or improvement by a method as the board may determine.
11 All plans and specifications for repairs or construction,
12 together with bids on the plans or specifications, shall be
13 filed by the board and be open for public inspection. All
14 bids submitted under this section shall be accompanied by a
15 deposit of money, a certified check, or a credit union
16 certified share draft in an amount as the board may prescribe.

17 2. A bidder awarded a contract shall disclose the names of
18 all subcontractors, who will work on the project being bid,
19 within forty-eight hours after the award of the contract. If
20 a subcontractor named by a bidder awarded a contract is
21 replaced, or if the cost of work to be done by a subcontractor
22 is reduced, the bidder shall disclose the name of the new
23 subcontractor or the amount of the reduced cost.

24 3. Payments made by the board for the construction of
25 public improvements shall be made in accordance with the
26 provisions of chapter 573 except that:

27 a. Payments may be made without retention until ninety-
28 five percent of the contract amount has been paid. The
29 remaining five percent of the contract amount shall be paid as
30 provided in section 573.14, except that:

31 (1) At any time after all or any part of the work is
32 substantially completed in accordance with paragraph "b", the
33 contractor may require the release of all or part of the
34 retainage owed. Such request shall be accompanied by a waiver
35 of claim rights under the provisions of chapter 573 from any

1 person, firm, or corporation who has, under contract with the
2 principal contractor or with subcontractors performed labor,
3 or furnished materials, service, or transportation in the
4 construction of that portion of the work for which release of
5 the retainage is requested.

6 (2) Upon receipt of the request, the board shall release
7 all or part of the unpaid funds. Retainage that is approved
8 as payable shall be paid at the time of the next monthly
9 payment or within thirty days, whichever is sooner. If
10 partial retainage is released pursuant to a contractor's
11 request, no retainage shall be subsequently held based on that
12 portion of the work. If within thirty days of when payment
13 becomes due the board does not release the retainage due,
14 interest shall accrue on the retainage amount due as provided
15 in section 573.14 until that amount is paid.

16 (3) If at the time of the request for the retainage there
17 are remaining or incomplete minor items, an amount equal to
18 two hundred percent of the value of each remaining or
19 incomplete item, as determined by the board's authorized
20 contract representative, may be withheld until such item or
21 items are completed.

22 (4) An itemization of the remaining or incomplete items,
23 or the reason that the request for release of the retainage
24 was denied, shall be provided to the contractor in writing
25 within thirty calendar days of the receipt of the request for
26 release of retainage.

27 b. For purposes of this section, "authorized contract
28 representative" means the architect or engineer who is in
29 charge of the project and chosen by the board to represent its
30 interests, or if there is no architect or engineer, then such
31 other contract representative or officer as designated in the
32 contract documents as the party representing the board's
33 interest regarding administration and oversight of the
34 project.

35 c. For purposes of this section, "substantially completed"

1 means the first date on which any of the following occurs:

2 (1) Completion of the project or when the work has been
3 substantially completed in general accordance with the terms
4 and provisions of the contract.

5 (2) The work or the portion designated is sufficiently
6 complete in accordance with the requirements of the contract
7 so the board can occupy or utilize the work for its intended
8 purpose.

9 (3) The project is certified as having been substantially
10 completed by either of the following:

11 (a) The architect or engineer authorized to make such
12 certification.

13 (b) The contracting authority representing the board.

14 (4) Each contractor or subcontractor shall withhold
15 retainage, if at all, in the same manner as retainage is
16 withheld from the contractor or subcontractor; and each
17 subcontractor shall pass through all retainage payments to
18 lower tier subcontractors in accordance with the provisions of
19 chapter 573.

20 Sec. 15. Section 262.57, unnumbered paragraph 1, Code
21 2005, is amended to read as follows:

22 To pay all or any part of the cost of carrying out any
23 project at any institution the board is authorized to borrow
24 money and to issue and sell negotiable bonds or notes and to
25 refund and refinance bonds or notes heretofore issued or as
26 may be hereafter issued for any project or for refunding
27 purposes at a lower rate, the same rate or a higher rate or
28 rates of interest and from time to time as often as the board
29 shall find it to be advisable and necessary so to do. Such
30 bonds or notes may be sold by said board at public sale in the
31 manner prescribed by chapter 75 but if the board shall find it
32 to be advantageous and in the public interest to do so, such
33 bonds or notes may be sold by the board at private sale
34 without published notice of any kind and without regard to the
35 requirements of chapter 75 in such manner and upon such terms

1 as may be prescribed by the resolution authorizing the same
2 ~~but such bonds or notes shall in any event be sold upon terms~~
3 ~~of not less than par plus accrued interest.~~ Bonds or notes
4 issued to refund other bonds or notes heretofore or hereafter
5 issued by the board for residence hall or dormitory purposes
6 at any institution, including dining or other facilities and
7 additions, or heretofore or hereafter issued for refunding
8 purposes, may either be sold in the manner hereinbefore
9 specified and the proceeds thereof applied to the payment of
10 the obligations being refunded, or the refunding bonds or
11 notes may be exchanged for and in payment and discharge of the
12 obligations being refunded, and a finding by the board in the
13 resolution authorizing the issuance of such refunding bonds or
14 notes that the bonds or notes being refunded were issued for a
15 purpose specified in this division and constitute binding
16 obligations of the board shall be conclusive and may be relied
17 upon by any holder of any refunding bond or note issued under
18 the provisions of this division. The refunding bonds or notes
19 may be sold or exchanged in installments at different times or
20 an entire issue or series may be sold or exchanged at one
21 time. Any issue or series of refunding bonds or notes may be
22 exchanged in part or sold in parts in installments at
23 different times or at one time. The refunding bonds or notes
24 may be sold or exchanged at any time on, before, or after the
25 maturity of any of the outstanding notes, bonds or other
26 obligations to be refinanced thereby and may be issued for the
27 purpose of refunding a like or greater principal amount of
28 bonds or notes, except that the principal amount of the
29 refunding bonds or notes may exceed the principal amount of
30 the bonds or notes to be refunded to the extent necessary to
31 pay any premium due on the call of the bonds or notes to be
32 refunded or to fund interest in arrears or about to become
33 due.

34 Sec. 16. Section 262.78, subsection 6, Code 2005, is
35 amended by striking the subsection.

1 Sec. 17. Section 262A.5, unnumbered paragraph 1, Code
2 2005, is amended to read as follows:

3 The board is authorized to borrow money under this chapter,
4 and the board may issue and sell negotiable bonds to pay all
5 or any part of the cost of carrying out any project at any
6 institution and may refund and refinance bonds issued for any
7 project or for refunding purposes at the same rate or at a
8 higher or lower rate or rates of interest. Bonds issued under
9 the provisions of this chapter shall be sold by said board at
10 public sale on the basis of sealed proposals received pursuant
11 to a notice specifying the time and place of sale and the
12 amount of bonds to be sold which shall be published at least
13 once not less than seven days prior to the date of sale in a
14 newspaper published in the state of Iowa and having a general
15 circulation in said state. The provisions of chapter 75 shall
16 not apply to bonds issued under authority contained in this
17 ~~chapter but such bonds shall be sold upon terms of not less~~
18 ~~than par plus accrued interest.~~ Bonds issued to refund other
19 bonds issued under the provisions of this chapter may either
20 be sold in the manner hereinbefore specified and the proceeds
21 thereof applied to the payment of the obligations being
22 refunded, or the refunding bonds may be exchanged for and in
23 payment and discharge of the obligations being refunded. The
24 refunding bonds may be sold or exchanged in installments at
25 different times or an entire issue or series may be sold or
26 exchanged at one time. Any issue or series of refunding bonds
27 may be exchanged in part or sold in parts in installments at
28 different times or at one time. The refunding bonds may be
29 sold or exchanged at any time on, before, or after the
30 maturity of any of the outstanding bonds or other obligations
31 to be refinanced thereby and may be issued for the purpose of
32 refunding a like or greater principal amount of bonds, except
33 that the principal amount of the refunding bonds may exceed
34 the principal amount of the bonds to be refunded to the extent
35 necessary to pay any premium due on the call of the bonds to

1 be refunded or to fund interest in arrears or which is to
2 become due.

3 Sec. 18. Section 266.39F, subsection 2, unnumbered
4 paragraph 2, Code 2005, is amended to read as follows:

5 The provisions of section 262.9, subsection 7, ~~and section~~
6 ~~262.107~~, shall not apply to the sale of any portion of land to
7 be sold in accordance with this section or to the use of the
8 proceeds from the sale of the land.

9 Sec. 19. Section 573.14, unnumbered paragraph 2, Code
10 2005, is amended to read as follows:

11 The public corporation shall order payment of any amount
12 due the contractor to be made in accordance with the terms of
13 the contract. Except as provided in section 573.12 for
14 progress payments, failure to make payment pursuant to this
15 section, of any amount due the contractor, within forty days,
16 unless a greater time period not to exceed fifty days is
17 specified in the contract documents, after the work under the
18 contract has been completed and if the work has been accepted
19 and all required materials, certifications, and other
20 documentations required to be submitted by the contractor and
21 specified by the contract have been furnished the awarding
22 public corporation by the contractor, shall cause interest to
23 accrue on the amount unpaid to the benefit of the unpaid
24 party. Interest shall accrue during the period commencing the
25 thirty-first day following the completion of work and
26 satisfaction of the other requirements of this paragraph and
27 ending on the date of payment. The rate of interest shall be
28 determined by the period of time during which interest
29 accrues, and shall be ~~the same as the rate of interest that is~~
30 ~~in effect under section 126.67~~ calculated as the prime rate
31 plus one percent per year as of the day interest begins to
32 ~~accrue for a deposit of public funds for a comparable period~~
33 ~~of time~~. This paragraph does not abridge any of the rights
34 set forth in section 573.16. Except as provided in sections
35 573.12 and 573.16, interest shall not accrue on funds retained

1 by the public corporation to satisfy the provisions of this
2 section regarding claims on file. This chapter does not apply
3 if the public corporation has entered into a contract with the
4 federal government or accepted a federal grant which is
5 governed by federal law or rules that are contrary to the
6 provisions of this chapter. For purposes of this unnumbered
7 paragraph, "prime rate" means the prime rate charged by banks
8 on short-term business loans, as determined by the board of
9 governors of the federal reserve system and published in the
10 federal reserve bulletin.

11 Sec. 20. Sections 262.29, 262.64A, 262.67, 262A.3,
12 262A.6A, 263A.11, 265.6, and 473.12, Code 2005, are repealed.

13 EXPLANATION

14 This bill amends many Code provisions relating to the
15 duties and responsibilities of the state board of regents and
16 the institutions under its control, including the following:

17 Code section 8D.9, concerning the use of the Iowa
18 communications network (ICN) by authorized users, is amended
19 to allow, rather than require, the state board of regents and
20 its institutions to use the ICN for their video, data, and
21 voice requirements.

22 Code section 8D.10, requiring state agencies to report
23 annually savings associated with the ICN to the general
24 assembly, is amended to require the reports submitted by the
25 board and its institutions include the identified excess costs
26 associated with the use of the network.

27 Code section 11.2, which requires the auditor of state to
28 examine the books and accounts of every department of the
29 state at least once each year and requires the auditor further
30 to perform audit testing on the state board of regents'
31 investments, is amended by the bill. The bill amends the Code
32 section to allow the examination to be conducted by the
33 auditor of state or by certified public accountants, as
34 determined by the board. The Code section is also amended to
35 permit the auditor of state to cause to be made a complete or

1 partial reaudit of the financial condition and transactions of
2 the board under conditions specified in the bill.

3 Code section 11.5B, requiring state agencies to reimburse
4 the auditor of state for performing agency audits, is amended
5 to exempt the state board of regents from the requirement.

6 Code section 12B.10C, relating to the inclusion in public
7 funds custodial agreements of any provisions necessary to
8 prevent loss of public funds, is amended to exempt the state
9 board of regents.

10 Code section 73A.1, which provides the definitions for the
11 Code chapter that regulates public contracts and bonds, is
12 amended to eliminate a reference to the state board of regents
13 from the definition of "municipality", releasing the board
14 from the regulatory provisions of the chapter.

15 Code section 262.9, which lists the powers and duties of
16 the state board of regents, and Code section 262.10, which
17 relates to the sale or purchase of real estate by the board,
18 are amended to authorize the board to acquire or sell real
19 estate without the approval of the executive council. Code
20 section 266.39F is amended to strike a reference to Code
21 section 262.10. Section 262.9 is also amended to permit the
22 board to employ or retain attorneys for all legal matters and
23 to strike obsolete language.

24 Code section 262.28, which relates to the payment of annual
25 appropriations to the regents institutions, is amended to
26 permit the institutions to retain, rather than revert to the
27 general fund of the state, any moneys that remain at the close
28 of the fiscal year. The moneys must be used for the same
29 purposes for which they were appropriated.

30 Code section 262.33A, which states legislative intent that
31 the regents institutions consult with the state fire marshal
32 to identify and correct all critical fire and environmental
33 safety deficiencies, is amended to eliminate the requirement
34 that the state fire marshal report annually to the joint
35 subcommittee on education appropriations the identified

1 deficiencies in fire and environmental safety at the
2 institutions, and plans for correction of the deficiencies.

3 Code section 262.34, relating to the estimated costs
4 threshold at which the board must advertise for bids for the
5 construction, repair, or improvement of buildings or grounds,
6 is amended to raise the threshold from \$25,000 to \$100,000;
7 and to make changes relating to payments made, and the
8 retainage of payments, by the board for the construction of
9 public improvements.

10 Code section 262.57, relating to bonds or notes the board
11 is authorized to sell to pay all or any part of the cost of
12 carrying out any project at any regents institution, and Code
13 section 262A.5, relating to authorization for the board to
14 issue and sell negotiable bonds and to refund and refinance
15 bonds to carry out any project in its institutions, are
16 amended to eliminate language that requires that the bonds or
17 notes be sold upon terms of not less than par plus accrued
18 interest.

19 Code section 262.78, which provides for the establishment
20 of a center for agricultural health and safety at the
21 university of Iowa, is amended to eliminate the requirement
22 that the center submit an annual report of its activities to
23 the governor, the secretary of the senate, and the chief clerk
24 of the house of representatives annually.

25 The bill also repeals the following:

26 Code section 262.29, which requires all claims for the
27 actual necessary expenses of the board and of its committees,
28 offices, agencies, and employees to be filed with and allowed
29 by the director of the department of administrative services.

30 Code section 262.64A, relating to self-liquidating
31 dormitories, and Code section 263A.11, relating to medical and
32 hospital buildings at the university of Iowa, both of which
33 require that the board determine, in consultation with the
34 legislative services agency, the financial information to be
35 included in line item budget information for projects funded

1 by the issuance of bonds or notes, and that the board submit
2 the information to the general assembly quarterly.

3 Code section 262.67, which requires the board to have the
4 approval of the executive council in order to grant easements
5 for rights-of-way over, across, and under the surface of
6 public lands under its jurisdiction. The bill moves the
7 language authorizing the board to grant easements to Code
8 section 262.9, which lists the board's powers and duties.

9 Code section 262A.3, which requires the board to annually
10 prepare and submit to the general assembly for approval or
11 rejection a proposed five-year building program for each
12 institution, including an estimate of the maximum amount of
13 bonds the board expects to issue during each year of the
14 ensuing biennium.

15 Code section 262A.6A, relating to the Iowa college super
16 savings plan, which requires the board to issue capital
17 appreciation bonds designed to be marketed primarily to Iowans
18 to facilitate savings for future higher education costs.

19 Code section 265.6, which provides that if the board has
20 established a laboratory school, it shall receive aid under
21 the state school foundation program for each pupil enrolled in
22 the laboratory school.

23 Code section 473.12, which requires the board to cause to
24 be performed comprehensive engineering analyses of facilities
25 under its control by June 30, 1989; to implement economically
26 feasible energy conservation measures identified in the
27 analyses; and to annually report to the department of natural
28 resources the status of all energy conservation. The Code
29 section also permits the department to use funds in the state
30 of Iowa facilities improvement corporation to reduce the
31 board's cost of financing the implementation of the energy
32 conservation measures if the department requires, and the
33 board completes, an energy management plan.

34 Code section 573.14, which relates to a fund for the
35 payment of claims for materials furnished and labor performed

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1 on the improvement by a public corporation, is amended to
2 change the manner in which interest is calculated on the
3 amount unpaid.

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