

3 lantic News-Telegraph, a newspaper published in Atlantic, Iowa, and
4 in The Daily Gate City, a newspaper published in Keokuk, Iowa.

Approved March 13, 1963.

I hereby certify that the foregoing Act, House File 231, was published in The Atlantic News-Telegraph, Atlantic, Iowa, March 16, 1963, and in The Daily Gate City, Keokuk, Iowa, March 18, 1963.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 289

LICENSE FEES OF CORPORATIONS

S. F. 448

AN ACT to amend section four hundred ninety-six A point one hundred twenty-nine (496A.129), Code 1962, relating to credit against annual license fees of corporations and foreign corporations.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section four hundred ninety-six A point one hundred
2 twenty-nine (496A.129), Code 1962, is hereby amended by adding to
3 paragraph *c* of subsection three (3) thereof a new subparagraph as
4 follows:
5 “(5) The maximum amount of any such credit for any domestic
6 corporation which adopts this chapter after July 4, 1963, shall be an
7 amount equal to one-twentieth of the fees upon which said credit is
8 based, as defined in subparagraph one (1) above, multiplied by the
9 number of full calendar years remaining between the year in which
10 this chapter is adopted by such corporation and the year in which,
11 but for the adoption of this chapter, the corporation would again be
12 required to renew its existence and pay renewal fees under section
13 four hundred ninety-one point twenty-five (491.25) or to pay peri-
14 odic fees under section four hundred ninety-one point thirty (491.30)
15 of the Code.”

Approved June 4, 1963.

CHAPTER 290

ECONOMIC DEVELOPMENT CORPORATIONS

H. F. 452

AN ACT relating to economic development corporations.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. This Act shall be known and may be cited as the “Iowa
2 Economic Development Act”.

1 SEC. 2. As used in this chapter, unless the context otherwise re-
2 quires, the term:

3 1. "Development corporation" means any corporation organized pur-
4 suant to this chapter and for the purpose of developing businesses,
5 industries, and enterprises in the state of Iowa by the loaning of
6 money thereto and investing money therein, and otherwise organizing
7 for the purposes in section five (5) hereof.

8 2. "Financial institution" means any banking institution, savings
9 bank, cooperative bank, trust company, savings and loan association,
10 insurance company or related corporation, partnership, foundation or
11 other institution licensed to do business in the state of Iowa and
12 engaged primarily in lending or investing funds.

13 3. "Member" means any financial institution which shall undertake
14 to lend money to a development corporation upon its call and in ac-
15 cordance with the provision of section nine (9) hereof.

16 4. "Board of directors" means members of the board of directors
17 of a development corporation constituted under section thirteen (13)
18 hereof in office from time to time.

19 5. "Loan limit" means, for any member, the maximum amount per-
20 mitted to be outstanding at any one time on loans made by any such
21 member to a development corporation, as determined herein.

22 6. "Commission" means the Iowa development commission of the
23 state of Iowa, or any agency which succeeds to the functions of the
24 Iowa development commission.

1 SEC. 3. There is hereby authorized to be incorporated under the
2 Iowa business corporation act, development corporations which meet
3 and comply with the requirements of this chapter. Such corporations
4 shall be subject to and have the powers and privileges conferred by the
5 provisions of this chapter and those provisions of the Iowa business
6 corporation act which are not inconsistent with and to the extent not
7 restricted or limited by the provisions of this chapter. No corporation
8 shall be deemed incorporated pursuant to and under the provisions of
9 this chapter unless the same is approved by the commission and unless
10 its articles of incorporation provides that it is incorporated pursuant
11 to this chapter. To assure a broad base from which development cor-
12 porations may obtain loans from members, the commission at its dis-
13 cretion may limit the number of development corporations organized
14 and existing pursuant to this chapter to one (1) or more such corpora-
15 tions.

1 SEC. 4. A development corporation may have offices in such places
2 within the state of Iowa as may be fixed by the board of directors.

1 SEC. 5. The purposes of a development corporation shall be limited
2 to those provided in this section and shall be to promote, stimulate,
3 develop and advance the business prosperity and economic welfare of
4 the state of Iowa and its citizens; to encourage and assist through
5 loans, investments, or other business transactions, the location of new
6 business and industry in the state; to rehabilitate and assist existing
7 business and industry in this state; to stimulate and assist in the
8 expansion of any kind of business activity which would tend to pro-

9 mote business development and maintain the economic stability of this
10 state, provide maximum opportunities for employment, encourage
11 thrift, and improve the standard of living of the citizens of this state;
12 to cooperate and act in conjunction with other organizations, public or
13 private, in the promotion and advancement of industrial, commercial,
14 agricultural, and recreational development in this state; and to pro-
15 vide financing for the promotion, development, and conduct of all kinds
16 of business activity in this state.

1 SEC. 6. Any development corporation shall, subject to the restric-
2 tions and limits herein contained, have the following powers:

3 1. To make contracts and incur liabilities for any of the purposes
4 of the development corporation; provided that no development cor-
5 poration shall incur any secondary liability by way of guaranty or
6 endorsement of the obligations of any person, firm, corporation, joint
7 stock company, association or trust, or in any other manner.

8 2. To borrow money from the members only, and to issue therefor
9 its bonds, debentures, notes or other evidences of indebtedness,
10 whether secured or unsecured, and when necessary to secure the same
11 by mortgage, pledge, deed of trust, or other lien on its property, fran-
12 chises, rights and privileges of every kind and nature, or any part
13 thereof or interest therein, without securing shareholder or member
14 approval; provided, that no loan to a development corporation shall be
15 secured in any manner unless all outstanding loans to such corporation
16 shall be secured equally and ratably in proportion to the unpaid bal-
17 ance of such loans and in the same manner.

18 3. To make loans to any person, firm, corporation, joint stock com-
19 pany, association or trust and to establish and regulate the terms and
20 conditions with respect to any such loans, and the charges for interest
21 and service connected therewith.

22 4. To acquire the good will, business, rights, real and personal prop-
23 erty, and other assets, or any part thereof, or interest therein, of any
24 persons, firms, corporations, associations or trusts, and to assume,
25 undertake, or pay the obligations, debts and liabilities of any such
26 person, firm, corporation, association or trust; to acquire, construct or
27 reconstruct, alter, repair, maintain, operate, sell, convey, transfer,
28 lease, or otherwise dispose of industrial plants and business establish-
29 ments.

30 5. To cooperate with and avail itself of the facilities of the commis-
31 sion and to cooperate with and assist and otherwise encourage organi-
32 zations in the various communities of the state of Iowa in the promo-
33 tion, assistance and development of business prosperity and economic
34 welfare of such communities or of this state or any part thereof.

35 6. To do all acts and things necessary or convenient to carry out the
36 powers expressly granted in this chapter and such other powers not in
37 conflict herewith granted under the Iowa business corporation act.

1 SEC. 7. Capital stock shall be issued only on receipt by each devel-
2 opment corporation of cash in such amount not less than the par value
3 thereof as may be determined by the board of directors. No share-
4 holder of any development corporation shall be entitled as of right to
5 purchase or subscribe for any unissued or treasury shares of the cor-

6 poration, and no such shareholder shall be entitled as of right to pur-
7 chase or subscribe for any bonds, notes, certificates of indebtedness,
8 debentures, or other obligations convertible into shares of the develop-
9 ment corporation.

1 SEC. 8. Notwithstanding any rule at common law or any provision
2 of any general or special law or any provision in their respective arti-
3 cles of incorporation, agreements of association, or trust indentures:

4 1. Any person, as defined in the Iowa business corporation act, is
5 hereby authorized to acquire, purchase, hold, sell, assign, transfer,
6 mortgage, pledge or otherwise dispose of any bond, security or other
7 evidences of indebtedness created by, or the shares of the capital stock
8 of, development corporations, and while owners of said shares to
9 exercise all the rights, powers and privileges of ownership, including
10 the right to vote thereon, all without the approval of any regulatory
11 agency of this state.

12 2. Any financial institution is hereby authorized to become a mem-
13 ber of a development corporation and to make loans to such corpora-
14 tion.

15 3. Any financial institution which does not become a member of a
16 development corporation shall not be permitted to acquire any shares
17 of the capital stock of such development corporation.

18 4. Each financial institution which becomes a member of a develop-
19 ment corporation is hereby authorized to acquire, purchase, hold, sell,
20 assign, mortgage, pledge, or otherwise dispose of, any bonds, securities
21 or other evidences of indebtedness created by, or the shares of the
22 capital stock of, the development corporation, of which it is a mem-
23 ber and while owners of such shares to exercise all rights, powers and
24 privileges of ownership, including the right to vote thereon, all with-
25 out the approval of any regulatory agency of this state; provided that
26 the amount of the capital stock of any development corporation which
27 may be acquired by any member pursuant to the authority granted
28 herein, shall not exceed ten (10) percent of the loan limit of such
29 member. The amount of capital stock of a development corporation
30 which any member is authorized to acquire pursuant to the authority
31 granted herein, is in addition to the amount of capital stock in other
32 corporations which such member may otherwise be authorized to ac-
33 quire, provided, however, that no financial institution shall become a
34 shareholder or member of more than one (1) development corporation.

1 SEC. 9. A financial institution may request membership in a devel-
2 opment corporation by making application to the board of directors
3 thereof on such form and in such manner as such board of directors
4 may require, and membership shall become effective upon acceptance
5 of such application by said board. Each member of any development
6 corporation shall make loans to such development corporation as and
7 when called upon by that corporation to do so on such terms and con-
8 ditions as shall be approved from time to time by the board of direc-
9 tors subject to the following:

10 1. All loan limits shall be established at the thousand dollar amount
11 nearest the amount computed in accordance with the provisions of this
12 section.

13 2. No loan to a development corporation shall be made if immedi-

14 ately thereafter the total amount of the obligations of the development
15 corporation calling for the loan would exceed eight (8) times the
16 amount then paid in on the outstanding capital stock of such corpora-
17 tion.

18 3. The total amount outstanding at any one time on loans to a de-
19 velopment corporation made by a member thereof when added to the
20 amount of the investment in the capital stock of such corporation and
21 held by such member, shall not exceed the lesser of:

22 a. Twenty (20) percent of the total amount then outstanding on
23 loans to such development corporation by all members thereof, includ-
24 ing in said total amount outstanding amounts validly called for loan
25 but not yet loaned.

26 b. The limit, to be determined as of the time such member becomes
27 a member, on the basis of the audited balance sheet of such member
28 at the close of its fiscal year immediately preceding its application for
29 membership, as follows:

30 (1) Banks and trust companies—two (2) percent of the paid-in
31 capital, surplus, and undivided profits.

32 (2) Savings and loan associations—two (2) percent of the general
33 reserve accounts, surplus and undivided profits.

34 (3) Cooperative banks—one (1) percent of the paid-in capital and
35 undivided surplus.

36 (4) Stock insurance companies except fire insurance companies—one
37 (1) percent of capital and unassigned surplus.

38 (5) Mutual insurance companies except fire insurance companies—
39 one (1) percent of the unassigned surplus.

40 (6) Fire insurance companies—one-tenth ($\frac{1}{10}$) of one (1) percent
41 of the assets.

42 (7) Other financial institutions—such limits as may be approved by
43 the board of directors of the development corporation.

44 4. Each call for loan shall be prorated among the members in sub-
45 stantially the same proportion that the adjusted loan limit of each
46 member bears to the aggregate of the adjusted loan limits of all mem-
47 bers. The adjusted loan limit of a member shall be the amount of such
48 member's loan limit, reduced by the balance of outstanding obligations
49 of the corporation to such member and the investment in capital stock
50 of the corporation held by such member at the time of such call.

51 5. All loans to a development corporation by a member shall be evi-
52 denced by registered bonds, debentures, notes, or other evidences of
53 indebtedness of the development corporation, which shall be freely
54 transferable by the registered holder thereof on the books of the
55 corporation.

1 SEC. 10. Membership in any development corporation shall be for
2 the duration of the respective development corporation; provided,
3 however, that upon written notice given to the development corpora-
4 tion five (5) years in advance a member thereof may withdraw from
5 membership in such corporation at the expiration date of such notice.
6 Provided that a financial institution may at any time withdraw from
7 membership without such notice in the event of its merger with an-
8 other financial institution, after commencement of proceedings for
9 voluntary or involuntary dissolution, receivership, or reorganization
10 pursuant to or by operation of federal or state law or in the event of

11 conversion from a state financial institution to a federal financial in-
12 stitution or the reverse. If there shall be a legislative amendment of
13 this chapter affecting the rights and obligations of the members and
14 shareholders or otherwise affecting the articles of incorporation of
15 such corporation which shall not have been approved by the members
16 and shareholders within the time set forth and in the manner pro-
17 vided in this chapter, any member not approving such amendment
18 may immediately withdraw from membership upon giving written
19 notice to the corporation not later than ninety (90) days from the
20 effective date of the amendment. A member shall not be obligated to
21 make any loans to a development corporation pursuant to calls made
22 subsequent to the withdrawal of said member therefrom.

1 SEC. 11. The shareholders and the members of the development
2 corporation shall have the following powers of such corporation:

- 3 1. Those powers granted in the Iowa business corporation act which
4 are not inconsistent with the provisions of this chapter.
- 5 2. To determine the number and elect directors as provided herein.
- 6 3. To amend the articles of incorporation as provided herein.
- 7 4. To dissolve the corporation as provided herein.
- 8 5. To exercise such other of the powers of the corporation as may be
9 conferred on the shareholders and the members by the bylaws. As to
10 all matters requiring action by the shareholders and the members of
11 the corporation, such shareholders and such members shall vote sepa-
12 rately thereon by classes and, except as may be otherwise herein pro-
13 vided, approval of such matters shall require the affirmative vote of a
14 majority of the votes to which the shareholders present or represented
15 at the meeting are entitled, and the affirmative vote of a majority of
16 the votes to which the members present or represented at the meeting
17 are entitled. Each shareholder shall have one (1) vote, in person or by
18 proxy, for each share of capital stock held by him, and each member
19 shall have one (1) vote, in person or by proxy, except that any member
20 having a loan limit of more than one thousand (1,000) dollars shall
21 have one (1) additional vote, in person or by proxy, for each additional
22 one thousand (1,000) dollars which such member is authorized to have
23 outstanding on loans to the corporation at any one time as determined
24 herein.

1 SEC. 12. The articles of incorporation of any development corpora-
2 tion may be amended by the votes of the shareholders and the members
3 thereof voting separately by classes. Any amendment shall require
4 approval by the affirmative vote of two-thirds ($\frac{2}{3}$) of the votes to
5 which the shareholders shall be entitled and two-thirds ($\frac{2}{3}$) of the
6 votes to which the members shall be entitled. No amendment, how-
7 ever, shall be made which: (1) is inconsistent with this Act; (2)
8 authorizes any additional class or classes of shares of capital stock;
9 (3) eliminates or curtails the authority of the commission with re-
10 spect to the corporation. Without the consent of each of the members
11 affected, no amendment shall be made which: (1) increases the obli-
12 gation of a member to make loans to the corporation; (2) makes any
13 change in the principal amount, interest rate, maturity date, or in the
14 security or credit position of any outstanding loan of a member to the

15 corporation; (3) affects a member's right to withdraw from member-
16 ship, as provided herein, or (4) affects a member's voting rights in the
17 corporation. Within thirty (30) days after any meeting at which
18 amendment of any such articles has been adopted, articles of amend-
19 ment signed and sworn to by the president, secretary and majority of
20 the directors, setting forth such amendment and the due adoption
21 thereof, shall be submitted to the chairman of the commission who
22 shall examine them, and if he finds that they conform to the require-
23 ments of this chapter, shall so certify and endorse his approval thereof.
24 Thereupon, the articles of amendment shall be filed in the office of the
25 secretary of state in the manner set forth and as provided in the Iowa
26 business corporation act and no such amendment shall take effect until
27 such articles of amendment shall have been approved and filed as
28 aforesaid. Within sixty (60) days after the effective date of any legis-
29 lative amendment affecting the rights and obligations of the members
30 and shareholders or otherwise affecting the articles of incorporation,
31 the approval of such legislative amendment shall be voted on by the
32 shareholders and the members of the development corporation at a
33 meeting duly called for that purpose. If such legislative amendment
34 is not approved by the affirmative vote of two-thirds ($\frac{2}{3}$) of the votes
35 to which such shareholders shall be entitled and two-thirds ($\frac{2}{3}$) of the
36 votes to which such members shall be entitled, any such member vot-
37 ing against the approval of such legislative amendment shall have the
38 right to withdraw from membership as provided in this chapter.
39 Within thirty (30) days after any meeting at which a legislative
40 amendment affecting the articles of incorporation of a development
41 corporation has been voted on, a certificate filed and sworn to by the
42 secretary or other recording officer of such corporation setting forth
43 the action taken at such meeting with respect to such amendment shall
44 be submitted to the chairman of the commission and upon receipt of
45 such approval shall be filed in the office of the secretary of state.

1 SEC. 13. The board of directors shall consist of such number not
2 less than fifteen (15) nor more than eighteen (18) as shall be deter-
3 mined in the first instance by the incorporators and thereafter annu-
4 ally by the members and the shareholders at each annual meeting or at
5 any special meeting held in lieu of the annual meeting. At each annual
6 meeting or at any special meeting held in lieu of the annual meeting,
7 the members of each corporation shall elect two-thirds ($\frac{2}{3}$) of the
8 board of directors and the shareholders shall elect the remaining di-
9 rectors. The directors shall hold office until the next annual meeting
10 of the corporation or special meeting held in lieu of the annual meet-
11 ing after their election, and until their successors are elected and qual-
12 ify unless sooner removed in accordance with the provisions of the
13 bylaws. Any vacancy in the office of a director elected by the members
14 shall be filled by the directors elected by the members, and any vacancy
15 in the office of a director elected by the shareholders shall be filled by
16 the directors elected by the shareholders.

1 SEC. 14. Each year each development corporation shall set apart
2 as earned surplus not less than ten (10) percent of its net earnings for
3 the preceding fiscal year until such surplus shall be equal in value to
4 one-half ($\frac{1}{2}$) of the amount paid in on the capital stock then out-

5 standing. Whenever the amount of surplus established herein shall
6 become impaired, it shall be built up again to the required amount in
7 the manner provided for its original accumulation. Net earnings and
8 surplus shall be determined by the board of directors, after providing
9 for such reserves as said directors deem desirable, and the directors'
10 determination made in good faith shall be conclusive on all persons.

1 SEC. 15. No development corporation shall deposit any of its funds
2 in any financial institution unless such institution has been designated
3 as a depository by a vote of a majority of the directors present at any
4 authorized meeting of the board of directors exclusive of any director
5 who is an officer or director of the depository so designated. No devel-
6 opment corporation shall receive money on deposit.

1 SEC. 16. Each development corporation shall be subject to the
2 examination of the commission and shall make reports of its condition
3 not less than annually to the commission, which in turn shall make
4 copies of such reports available to the commissioner of insurance and
5 the superintendent of banking, and each development corporation shall
6 also furnish such other information as may from time to time be re-
7 quired by the commission.

1 SEC. 17. Upon the approval of the commission as required in this
2 chapter and the issuance of a certificate as provided in the Iowa busi-
3 ness corporation act, a development corporation shall then be author-
4 ized to commence business and to issue stock thereof to the extent
5 authorized in its articles of incorporation.

1 SEC. 18. The provisions of the Iowa securities law shall not apply
2 to the shares of capital stock, bonds, debentures, notes, evidences of
3 indebtedness, or any other securities of development corporations.

1 SEC. 19. A development corporation may be dissolved upon the
2 affirmative vote of two-thirds ($\frac{2}{3}$) of the votes to which the share-
3 holders thereof shall be entitled and two-thirds ($\frac{2}{3}$) of the votes to
4 which the members shall be entitled. Upon any dissolution of a de-
5 velopment corporation, none of the corporation's assets shall be dis-
6 tributed to the shareholders until all sums due the members of the
7 corporation as creditors thereof have been paid in full.

1 SEC. 20. Under no circumstances is the credit of the state of Iowa
2 pledged herein.

1 SEC. 21. If any provision of this Act or the application thereof to
2 any person shall be invalid, such invalidity shall not affect the provi-
3 sions or application of this Act which can be given effect without the
4 invalid provisions or application and to this end the provisions of the
5 Act are declared severable.

Approved April 25, 1963.