

follow substantially the same authorization procedures required for the issuance of general obligation bonds as set out in section 384.25. Chapter 75 is not applicable. A city utility is a separate entity under this section whether it is governed by the council or another governing body.

4. A loan agreement to which a city is a party or in which a city has a participatory interest, is an obligation of a political subdivision of this state for the purposes of chapters 502 and 682, and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and any other fiduciaries responsible for the investment of funds.

Approved May 4, 1987

CHAPTER 104

DEBTS OF PUBLIC ENTITIES

H.F. 536

AN ACT relating to public bonds by specifying requirements for the issuance of certain bonds, providing for the use of bond proceeds, and providing for the security of certain bonds.

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

Section 1. NEW SECTION. 74.8 DESIGNATION OF PUBLIC WARRANTS.

Each public issuer of warrants may designate the warrants as tax-exempt public warrants if the issuer complies with the tax-exempt reporting requirements of the federal Internal Revenue Code.

Sec. 2. NEW SECTION. 76.16 DEBTOR STATUS PROHIBITED.

A city, county, or other political subdivision of this state shall not be a debtor under chapter 9 of the federal Bankruptcy Code, 11 U.S.C. § 901 et seq., except as otherwise specifically provided in this chapter.

Sec. 3. NEW SECTION. 76.17 VARIABLE RATE BONDS.

1. A public body authorized to issue bonds may elect to issue bonds bearing a variable or fluctuating rate of interest which is determined on one or more intervals by reference to an index or standard, or as fixed by an interest rate indexing or remarketing agent retained by the issuer of the bonds. A public issuer of public bonds may provide for additional security or liquidity, enter into agreements for, and expend funds for policies of insurance, letters of credit, lines of credit, or other forms of security issued by financial institutions for the payment of principal, premium, if any, and interest on the bonds. A public issuer of public bonds may also enter into contracts and pay for the services of underwriters, interest rate indexing agents, remarketing agents, trustees, financial consultants, depositories, and other services as determined by the governing body. In the case of general obligation bonds, fees for the services and costs of additional security and liquidity shall be considered incurred in lieu of interest and may be levied through the fund for payment of debt service on the bonds. Bonds issued under this section may be sold at public or private sale as determined by the governing body.

2. This section provides alternative and additional power for the issuance of bonds and is not an amendment to any other statute or a limitation upon powers under any other law.

3. A public issuer of public bonds may provide for the purchase of bonds before their maturity and the remarketing of purchased bonds without causing the redemption of the purchased bonds.

Sec. 4. NEW SECTION. 76.18 TAX-EXEMPT COVENANT.

A public issuer of bonds or other debt obligations may covenant that the issuer will comply with requirements or limitations imposed by the Internal Revenue Code to preserve the tax exemption of interest payable on the bonds or obligations and may carry out and perform other covenants, including but not limited to, the payment of any amounts required to be paid by the issuer to the United States government.

Sec. 5. Section 403.17, subsection 10, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. h. Expenditure of proceeds of bonds issued before October 7, 1986, for the construction of parking facilities on city blocks adjacent to an urban renewal area.

Sec. 6. Section 74A.5, Code 1987, is repealed.

Approved May 4, 1987

CHAPTER 105

COUNTY, CITY, AND CITY UTILITY INVESTMENTS

H.F. 324

AN ACT authorizing the joint investment of funds by counties, cities, and city utilities.

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

Section 1. Section 331.555, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. The treasurer shall keep all funds invested to the extent practicable and may invest the funds jointly with one or more counties, cities, or city utilities pursuant to a joint investment agreement.

Sec. 2. NEW SECTION. 384.21 JOINT INVESTMENT OF FUNDS.

A city or a city utility board shall keep all funds invested to the extent practicable and may invest the funds jointly with one or more cities, utility boards, or counties pursuant to a joint investment agreement.

Sec. 3. Section 452.10, unnumbered paragraph 3, Code 1987, is amended by striking the unnumbered paragraph.

Approved May 5, 1987