

As used in this subsection "original director" means a person who was elected as a director pursuant to section 173.1, and who served as a director immediately prior to the first election held pursuant to this Act.

Sec. 11. EFFECTIVE DATE.

1. Except as provided in subsection 2, this Act takes effect upon the date that five congressional districts are legally established pursuant to chapter 42, and according to the 1990 United States census.

2. Section 173.11, subsection 3, section 173.14, subsection 4, and section 174.2, unnumbered paragraph 3, as amended by this Act, take effect July 1, 1991. Section 10, subsection 1, of this Act also takes effect July 1, 1991.

Approved June 7, 1991

CHAPTER 249

INVESTMENT OF PUBLIC FUNDS

H.F. 707

AN ACT relating to the investment by the state and political subdivisions of bond proceeds and sinking funds in tax-exempt bonds or money market funds.

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

Section 1. Section 452.10, Code 1991, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the complexity and administrative burdens associated with the required rebate of arbitrage profits to the United States treasury pursuant to section 148 of the Internal Revenue Code, as defined in section 422.3, the treasurer of state and the treasurer or other designated financial officer of each political subdivision may invest the proceeds of public bonds or obligations and funds being accumulated for the payment of principal and interest or reserves in tax-exempt bonds, as defined and permitted by section 148 of the Internal Revenue Code and applicable federal regulations under that section, and in tax-exempt money market funds, including but not limited to funds issued by an unincorporated investment company or investment trust registered under the federal Investment Company Act of 1940, having assets in excess of five hundred million dollars and having an average maturity in compliance with the federal securities exchange commission regulations for registered money market funds.

Sec. 2. Section 453.9, Code 1991, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the complexity and administrative burdens associated with the required rebate of arbitrage profits to the United States treasury pursuant to section 148 of the Internal Revenue Code, as defined in section 422.3, the treasurer of state and the treasurer or other designated financial officer of each political subdivision may invest the proceeds of public bonds or obligations and funds being accumulated for the payment of principal and interest or reserves in tax-exempt bonds, as defined and permitted by section 148 of the Internal Revenue Code and applicable federal regulations under that section, and in tax-exempt money market funds, including but not limited to funds issued by an unincorporated investment company or investment trust registered under the federal Investment Company Act of 1940, having assets in excess of five hundred million

dollars and having an average maturity in compliance with the federal securities exchange commission regulations for registered money market funds.

Approved June 7, 1991

CHAPTER 250

ANNEXATION AND CITY DEVELOPMENT BOARD

S.F. 4

AN ACT relating to consideration of voluntary and involuntary annexation petitions which concern the same territory or city and providing an effective date and an applicability date.

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

Section 1. Section 368.1, subsection 13, Code 1991, is amended to read as follows:

13. "Urbanized area" means the land area within three miles of the boundaries of a city of fifteen thousand or more population a metropolitan statistical area as determined by the United States census bureau in the statistical abstract of the United States.

Sec. 2. **NEW SECTION.** 368.6 INTENT.

It is the intent of the general assembly to provide an annexation approval procedure which gives due consideration to the wishes of the residents of territory to be annexed, and to the interests of the residents of all territories affected by an annexation. The general assembly presumes that a voluntary annexation of territory more closely reflects the wishes of the residents of territory to be annexed, and, therefore, intends that the annexation approval procedure include a presumption of validity for voluntary annexation approval.

Sec. 3. Section 368.7, unnumbered paragraph 3, Code 1991, is amended to read as follows:

An application for annexation of territory within the urbanized area of a city other than the city to which the annexation is directed must be approved both by resolution of the council which receives the application and by the board. A copy of the application shall be mailed by certified mail, at least ten days prior to the filing of the application with the city council, to the council of each city whose boundary adjoins the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, and to the regional planning authority of the territory. Notice of the filing of the application shall be published in an official county newspaper in each affected county at least ten days prior to the filing of the application with the city council. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. The annexation is completed when the board has filed copies of applicable portions of the proceedings as required by section 368.20, subsection 2.

Sec. 4. Section 368.7, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If one or more applications for a voluntary annexation and one or more petitions for an involuntary annexation for a common territory are submitted to the board within thirty days of each other, the board shall approve the application for voluntary annexation, provided that the application meets the applicable requirements of this chapter, unless the board determines by a preponderance of the evidence that the application was filed in bad faith, or that the application as filed is contrary to the best interests of the citizens of the urbanized area, or that the applicant cannot within a reasonable period of time meet its obligation to provide services to the territory to be annexed sufficient to meet