

## CHAPTER 1208

### TOBACCO SETTLEMENT AUTHORITY ACT

*H.F. 2579*

**AN ACT** creating a tobacco settlement authority Act, authorizing the issuance of bonds, providing for a repeal, and providing an effective date.

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

**Section 1. NEW SECTION. 12E.1 TITLE.**

This chapter shall be known and may be cited as the “Tobacco Settlement Authority Act”.

**Sec. 2. NEW SECTION. 12E.3 DEFINITIONS.**

As used in this chapter, unless the context otherwise requires:

1. “Authority” means the tobacco settlement authority created in this chapter.
2. “Board” means the governing board of the authority.
3. “Bonds” means bonds, notes, and other obligations and financing arrangements issued or entered into by the authority pursuant to this chapter.
4. “Financial institution” means a bank or credit union as defined in section 12C.1.
5. “Master settlement agreement” means the master settlement agreement as defined in section 453C.1.
6. “Notes” means notes, warrants, loan agreements, and all other forms of evidence of indebtedness authorized under this chapter.
7. “Program plan” means the tobacco settlement program plan established in this chapter to provide for the implementation of the findings and purposes of this chapter.<sup>1</sup>
8. “Qualified investments” means investments of the authority authorized by this chapter.
9. “Sales agreement” means any agreement authorized pursuant to this chapter in which the state provides for the sale of all or a portion of the state’s share to the authority.
10. “State’s share” means all of the state’s monetary rights and interests, all rights of enforcement, and all rights necessary and convenient for enforcement of those monetary rights and interests in the master settlement agreement.
11. “Tobacco settlement endowment fund” means the tobacco settlement endowment fund created in section 12.65.
12. “Tobacco settlement trust fund” means the tobacco settlement trust fund created in this chapter.

**Sec. 3. NEW SECTION. 12E.4 TOBACCO SETTLEMENT AUTHORITY — CREATED — PURPOSES — POWERS — RESTRICTIONS.**

1. A tobacco settlement authority is created and constitutes a public instrumentality and agency of the state, separate and distinct from the state, exercising public and essential governmental functions.
2. The purposes of the authority include all of the following:
  - a. To implement and administer the program plan and to establish a stable source of revenue to be used for the purposes designated in section 12.65.
  - b. To enter into sales agreements.
  - c. To issue bonds and enter into funding options, consistent with this chapter, including refunding and refinancing its debt and obligations.
  - d. To sell, pledge, or assign, as security, all or a portion of the state’s share, to provide for and secure the issuance of its bonds.
  - e. To invest funds available under this chapter to provide for a source of revenue in accordance with the program plan.
  - f. To enter into agreements with the state for the periodic distribution of amounts due the state under any sales agreement.

<sup>1</sup> See chapter 1232, §13, 15 herein

g. To refund and refinance the authority's debts and obligations, and to manage its funds, obligations, and investments as necessary and if consistent with its purpose.

h. To sell, pledge, or assign, as security or consideration, all or a portion of the state's share to implement alternative funding options.

i. To implement the purposes of this chapter as stated in the findings of the general assembly in section 12E.2.<sup>2</sup>

3. The authority shall invest its funds and accounts in accordance with this chapter and shall not take action or invest in any manner that would cause the state to become a stockholder in any corporation or that would cause the state to assume or agree to pay the debt or liability of any corporation in violation of the United States Constitution or the Constitution of the State of Iowa.

4. The authority shall not create any obligation of this state or any political subdivision of this state within the meaning of any constitutional or statutory debt limitation.

5. The authority shall not pledge the credit or taxing power of this state or any political subdivision of this state, or make its debts payable out of any moneys except those of the authority specifically pledged for their payment.

6. The authority shall not pledge or make its debts payable out of the moneys deposited in the tobacco settlement trust fund.

Sec. 4. NEW SECTION. 12E.5 POWERS NOT RESTRICTED — LAW COMPLETE IN ITSELF.

This chapter shall not restrict or limit the powers which the authority has under any other law of this state, but is cumulative as to any such powers. A proceeding, notice, or approval is not required for the creation of the authority or the issuance of obligations or an instrument as security, except as provided in this chapter.

Sec. 5. NEW SECTION. 12E.6 GOVERNING BOARD.

1. The powers of the authority are vested in and shall be exercised by a board consisting of the treasurer of state, the auditor of state, and the director of the department of management. Notwithstanding the provisions of section 12.30, subsection 2, regarding ex officio nonvoting status, the treasurer of state shall act as a voting member of the authority.

2. Two members of the board constitute a quorum.

3. The members shall elect a chairperson, vice chairperson, and secretary, annually, and other officers as the members determine necessary. The treasurer of state shall serve as treasurer of the authority.

4. Meetings of the board shall be held at the call of the chairperson or when a majority of the members so requests.

5. The members of the board shall not receive compensation by reason of their membership on the board.

Sec. 6. NEW SECTION. 12E.7 STAFF — ASSISTANCE BY STATE OFFICERS, AGENCIES, AND DEPARTMENTS.

1. The staff of the office of the treasurer of state shall also serve as staff of the authority under the supervision of the treasurer.

2. State officers, agencies, and departments may render services to the authority within their respective functions, as requested by the authority.

Sec. 7. NEW SECTION. 12E.8 LIMITATION OF LIABILITY.

Members of the board and persons acting in the authority's behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out the powers and duties conferred on them under this chapter.

Sec. 8. NEW SECTION. 12E.9 GENERAL POWERS.

1. The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including but not limited to all of the following powers:

<sup>2</sup> See chapter 1232, §14, 15 herein

- a. The power to issue its bonds and to enter into other funding options as provided in this chapter.
  - b. The power to have perpetual succession as a public instrumentality and agency of the state, until dissolved in accordance with this chapter.
  - c. The power to sue and be sued in its own name.
  - d. The power to make and execute agreements, contracts, and other instruments, with any public or private person, in accordance with this chapter.
  - e. The power to hire and compensate legal counsel, notwithstanding chapter 13.
  - f. The power to hire investment advisors and other persons as necessary to fulfill its purpose.
  - g. The power to invest or deposit moneys of the authority in any manner determined by the authority, notwithstanding chapter 12B or 12C.
  - h. The power to procure insurance, other credit enhancements, and other financing arrangements to fulfill its purposes under this chapter, including but not limited to municipal bond insurance and letters of credit.
  - i. The power to accept appropriations, gifts, grants, loans, or other aid from public or private entities.
  - j. The power to adopt rules, consistent with this chapter and in accordance with chapter 17A, as the board determines necessary.
2. The authority is exempt from the requirements of chapter 18.

Sec. 9. NEW SECTION. 12E.10 AUTHORIZATION OF THE SALE OF RIGHTS IN THE MASTER SETTLEMENT AGREEMENT.

1. Subject to the program plan as authorized by a constitutional majority of each house of the general assembly and approved by the governor, the governor shall sell and assign all or a portion of the state's share to the authority. The attorney general shall assist the governor in the preparation and review of all necessary documentation to effect such a sale by the date specified in the program plan. The terms and conditions of the sale shall be established in the program plan in order to accomplish the purpose and intent of this chapter.

2. The sale made under this section shall be irrevocable during the time when bonds are outstanding under this chapter, and shall be a part of the contractual obligation owed to the bondholders. The sale shall constitute and be treated as a true sale and absolute transfer of the property so transferred and not as a pledge or other security interest for any borrowing. The characterization of such a sale as an absolute transfer shall not be negated or adversely affected by the fact that only a portion of the state's share is being sold, or by the state's acquisition or retention of an ownership interest in the residual assets.

3. On or after the effective date of such sale, the state shall not have any right, title, or interest in the portion of the master settlement agreement sold and such portion shall be the property of the authority and not the state, and shall be owned, received, held, and disbursed by the authority or its trustee or assignee, and not the state.

4. On or before the effective date of the sale, the state shall notify the escrow agent under the master settlement agreement of the sale and shall instruct the escrow agent that subsequent to that date, all payments constituting the portion sold shall be made directly to the authority.

5. The authority, the treasurer of state, and the attorney general shall report to the legislative council and the executive council on or before the date specified in the program plan, advising them of the accomplishment of the sale, its terms and conditions.

Sec. 10. NEW SECTION. 12E.11 TOBACCO SETTLEMENT PROGRAM PLAN.

1. The authority shall establish a tobacco settlement program plan, in accordance with this chapter, to provide the state with a secure and stable source of revenue for purposes designated by section 12.65. The authority shall submit a report of the proposed program plan to the legislative council and the executive council. A program plan shall not be implemented unless implementation of the program plan is authorized by a constitutional majority of each house of the general assembly and approved by the governor.

2. The program plan shall include but is not limited to inclusion of all of the following:
  - a. The structure of any sales agreement between the state and the authority.
  - b. The terms of payment of amounts due from the authority to the state.
  - c. The investment criteria of funds of the authority including those held for payment to the state in accordance with this chapter.
  - d. An analysis of alternative funding options, with or without the use of the authority and issuance of bonds.
  - e. Recommendations to the governor and the general assembly regarding any necessary changes in existing law relating to this chapter.
  - f. A date by which any sale from the state to the authority of all or a portion of the state's share should be consummated, the specified period during which the state shall be paid, and the date by which the bonds or alternative funding options should be concluded.
  - g. The procedure to be used in amending the program plan.
  - h. Any other terms or provisions necessary to implement this chapter.
3. This chapter shall not be interpreted to authorize the state, the governor, or the authority to enter into any sales agreement or to issue bonds or implement a program plan prior to authorization of the program plan by a constitutional majority of each house of the general assembly and approval by the governor.

Sec. 11. NEW SECTION. 12E.12 AUTHORITY — BONDS.

1. The authority may issue bonds and use the proceeds from the bonds for the purpose of providing a secure and stable source of funding to the state, consistent with the purposes of this chapter. Bonds issued pursuant to this section may be secured by a pledge of all or a portion of the state's share and any moneys derived from the state's share, and any other sources available to the authority with the exception of moneys in the tobacco settlement trust fund. The authority may also issue refunding bonds, including advance refunding bonds, for the purpose of refunding previously issued bonds, and may issue other types of bonds, debt obligations, and financing arrangements necessary to fulfill its purposes or the purposes of this chapter.

2. The authority may issue its bonds in principal amounts which, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its purposes, the payment of interest on its bonds, the establishment of reserves to secure the bonds, the costs of issuance of its bonds, and all other expenditures of the authority incident to and necessary to carry out its purposes or powers. The bonds are investment securities and negotiable instruments within the meaning of and for the purposes of the uniform commercial code.

3. Bonds issued by the authority are payable solely and only out of the moneys, assets, or revenues pledged by the authority and are not a general obligation or indebtedness of the authority or an obligation or indebtedness of the state or any subdivision of the state. The authority shall not pledge the credit or taxing power of the state or any political subdivision of the state, or create a debt or obligation of the state, or make its debts payable out of any moneys except those of the authority, excluding those moneys deposited in the tobacco settlement trust fund.

4. Bonds shall state on their face that they are payable both as to principal and interest solely out of the assets of the authority pledged for their purpose and do not constitute an indebtedness of the state or any political subdivision of the state, are secured solely by and payable solely from receipts under the master settlement agreement, constitute neither a general, legal, or moral obligation of the state or any of its political subdivisions, and that the state has no obligation or intention to satisfy any deficiency or default of any payment of the bonds.

5. Any amount pledged by the authority to be received under the master settlement agreement shall be valid and binding at the time the pledge is made. Receipts so pledged and then or thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act. The lien of any such pledge shall be

valid and binding as against all parties having claims of any kind against the authority, whether such parties have notice of the lien. Notwithstanding any other provision to the contrary, the resolution of the authority or any other instrument by which a pledge is created need not be recorded or filed to perfect such pledge.

6. The proceeds of bonds issued by the authority and not required for deposit in the tobacco settlement trust fund may be invested in any manner approved by the board and specified in the trust indenture or resolution pursuant to which the bonds must be issued, notwithstanding any other provision to the contrary.

7. The bonds shall comply with all of the following:

a. The bonds shall be in a form, issued in denominations, executed in a manner, and payable over terms and with rights of redemption, as the board prescribes in the resolution authorizing their issuance.

b. The bonds shall be fully negotiable instruments under the laws of this state and may be sold at prices, at public or private sale, and in a manner as prescribed by the board. Chapters 73A, 74, 74A, and 75 shall not apply to the sale or issuance of bonds under this chapter.

c. The bonds shall be subject to the terms, conditions, and covenants providing for the payment of the principal, redemption premiums, if any, interest, and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with this chapter and as determined by resolution of the board authorizing their issuance.

8. The bonds issued under this chapter are securities in which insurance companies and associations and other persons engaged in the business of insurance; banks, trust companies, savings associations, savings and loan associations, and investment companies; administrators, guardians, executors, trustees, and other fiduciaries; and other persons authorized to invest in bonds or other obligations of the state may properly and legally invest funds, including capital, in their control or belonging to them.

9. Bonds must be authorized by a resolution of the board. However, a resolution authorizing the issuance of bonds may delegate to an officer of the authority the power to negotiate and fix the details of an issue of bonds by an appropriate certificate of the authorized officer.

10. To comply with federal law with respect to the issuance of bonds, the interest of which is tax-exempt pursuant to the Internal Revenue Code, the authority may issue a certain series of bonds, or periodically issue several series of bonds, so that interest on the bonds remains exempt from federal taxation or to comply with the purposes specified in this chapter.

**Sec. 12. NEW SECTION. 12E.13 TOBACCO SETTLEMENT TRUST FUND — ESTABLISHED — INVESTMENT — LIABILITY.**

1. A tobacco settlement trust fund is established, separate and apart from all other public moneys or funds of the state, under the control of the authority. The fund shall consist of moneys paid to the authority and not pledged to the payment of bonds or otherwise obligated. Such moneys shall include but are not limited to payments received from the master settlement agreement which are not pledged to the payment of bonds or which are subsequently released from a pledge to the payment of any bonds; payments which, in accordance with any sales agreement with the state, are to be paid to the state and not pledged to the bonds, including that portion of the proceeds of any bonds designated for purchase of all or a portion of the state's share, which are designated for deposit in the fund, together with all interest, dividends, and rents on the bonds; and all securities or investment income and other assets acquired by and through the use of the moneys belonging to the fund and any other moneys deposited in the fund. Moneys in the fund are to be used solely and only for the payment of all amounts due and to become due to the state, and shall not be used for any other purpose. Such moneys shall not be available for the payment of any claim against the authority or any debt or obligation of the authority.

2. The treasurer of the authority shall act as custodian and trustee of the fund and shall administer the fund as directed by the authority. The treasurer of the authority shall do all of the following:

- a. Hold the funds.
  - b. Invest the portion of the funds which, as deemed by the authority, is not necessary for current payment of sums to the state under this chapter or the program plan.
  - c. Disburse funds, if directed by the authority.
  - d. Sell any securities or other property held by the fund and reinvest the proceeds as directed by the authority, when deemed advisable by the authority for the protection of the fund or the preservation of the value of the investment. Such sale of securities or other property held by the fund shall only be made with the advice of the board in the manner and to the extent provided in this chapter with regard to the purchase of investments.
  - e. Subscribe, at the direction of the authority, for the purchase of securities for future delivery in anticipation of future income. Such securities shall be paid for by such anticipated income or from funds from the sale of securities or other property held by the fund.
  - f. Pay for securities, as directed by the authority, on the receipt of the purchasing entity's paid statement or paid confirmation of purchase.
3. The authority shall execute the disposition and investment of moneys in the fund in accordance with the investment policy and goal statement established by the board.
- a. In establishing the investment policy and goal statement of the fund, the standard utilized by the board shall be the exercise of judgment and care, under the prevailing circumstances, which persons of prudence, discretion, and intelligence exercise in the management of their own financial affairs, not for the purpose of speculation, but with regard to the permanent disposition of the funds, considering the probable income, as well as the probable safety, of their capital.
  - b. Within the limitations of the standard prescribed in this subsection and the program plan, the treasurer of the authority, the authority, and the board may acquire and retain any type of property or investment which persons of prudence, discretion, and intelligence would acquire or retain for their own financial interests.
  - c. The authority and the board shall give appropriate consideration to those facts and circumstances that the authority and board know or should know are relevant to the particular investment or investment policy involved, including the role the investment plays in the total value of the fund. For the purposes of this paragraph, appropriate consideration includes, but is not limited to, a determination by the authority and the board that the particular investment or investment policy is reasonably designed to further the purposes of the tobacco settlement program plan, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment policy and consideration of all of the following as they relate to the tobacco settlement trust fund:
    - (1) The composition of the fund with regard to diversification.
    - (2) The liquidity and current return of the investments in the fund relative to the anticipated cash flow requirements of the program plan.
    - (3) The projected return of the investments relative to the funding objectives of the program plan.
  - d. Investments of moneys in the funds are not subject to sections 73.15 through 73.21.
4. The authority, its staff, members of the board, and the treasurer of the authority are not personally liable for actions or omissions under this chapter that do not involve malicious or wanton misconduct even if those actions or omissions violate the standards established in this section.
5. Except as provided in this section, if there is loss to the fund, the treasurer, the authority, the board, and the staff are not personally liable, and the loss shall be charged against the fund. The amount required to cover a loss may be paid from the fund.
6. a. Expenses incurred in the sale and purchase of securities belonging to the fund shall be charged to the fund, and the amount required for the investment management expenses may be paid from the fund, subject to the limitations stated in this subsection. The amount paid for investment management expenses for a fiscal year under this section shall not exceed the reasonable and customary charge to similar funds for similar purposes. The authority shall report the investment management expenses for a fiscal year as a percent of

the market value of the fund in the annual report to the governor submitted pursuant to section 12E.16.

b. A person who has entered into a contract with the authority for investment management purposes shall meet the requirements for doing business in Iowa sufficient to be subject to taxation under the rules of the department of revenue and finance.

7. All moneys paid to or deposited in the fund are available to the authority to be used for the exclusive purpose of the program plan in accordance with this chapter, including but not limited to all of the following:

a. For payment of amounts due to the state pursuant to the terms of the sales agreements entered into between the state and the authority.

b. For payment of other amounts provided for in the program plan.

c. For payment of the costs of administering the program plan and the costs of the authority.

Sec. 13. NEW SECTION. 12E.14 MONEYS OF THE AUTHORITY.

1. Moneys of the authority, except as otherwise provided in this chapter or specified in a trust indenture or resolution pursuant to which the bonds are issued, shall be paid to the authority and shall be deposited in a financial institution designated by the authority. The moneys shall be withdrawn on the order of the authority or its designee. Deposits shall be secured in the manner determined by the authority.

2. The auditor of state or the auditor's designee, which may include a person hired by the auditor with the approval of the board, may periodically examine the accounts and books, including its receipts, disbursements, contracts, leases, sinking funds, investments, and any other records and papers relating to its financial standing. The authority shall pay the costs of any such examination.

3. The authority may contract with the holders of its bonds relating to the custody, collection, security, investment, and payment of moneys of the authority, and relating to the moneys held in trust or otherwise for payment of bonds, with the exception of moneys in the tobacco settlement trust fund. Moneys held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of the moneys may be secured in the same manner as moneys of the authority, and financial institutions and trust companies may provide security for the deposits.

4. The authority shall submit to the governor, the attorney general, the auditor of state, the department of management, and the legislative fiscal bureau, within thirty days of its receipt, a copy of the report of every external examination of the books and accounts of the authority, other than copies of the reports of examinations of the auditor of state.

5. All moneys of the authority or moneys held by the authority shall be invested and held in the name of the authority, whether they are held for the benefit, security, or future payment to holders of bonds or to the state. All such moneys and investments shall be considered moneys and investments of the authority.

Sec. 14. NEW SECTION. 12E.15 EXEMPTION FROM COMPETITIVE BID LAWS.

The authority and contracts entered into by the authority in carrying out its public and essential governmental functions are exempt from the laws of the state which provide for competitive bids and hearings in connection with contracts, except as provided in section 12.30.

Sec. 15. NEW SECTION. 12E.16 ANNUAL REPORT.

1. The authority shall submit to the governor, the general assembly, and the attorney general, on or before December 31, annually, a report including information regarding all of the following:

a. Its operations and accomplishments.

b. Its receipts and expenditures during the previous fiscal year, in accordance with classifications it establishes for its operating and capital accounts.

c. Its assets and liabilities at the end of the previous fiscal year and the status of reserve, special, and other funds.

- d. A schedule of its bonds outstanding at the end of the previous fiscal year, and a statement of the amounts redeemed and issued during the previous fiscal year.
  - e. A statement of its proposed and projected activities.
  - f. Recommendations to the governor and the general assembly, as deemed necessary.
  - g. Any other information deemed necessary.
2. The annual report shall identify performance goals of the authority, and clearly indicate the extent of progress, during the reporting period, in attaining these goals.

Sec. 16. NEW SECTION. 12E.17 BANKRUPTCY.

Prior to the date which is three hundred sixty-six days after which the authority no longer has any bonds outstanding, the authority is prohibited from filing a voluntary petition under chapter 9 of the federal bankruptcy code or such corresponding chapter or section as may, from time to time, be in effect, and a public official or organization, entity, or other person shall not authorize the authority to be or become a debtor under chapter 9 or any successor or corresponding chapter or sections during such periods. The provisions of this section shall be part of any contractual obligation owed to the holders of bonds issued under this chapter. Any such contractual obligation shall not subsequently be modified by state law, during the period of the contractual obligation.

Sec. 17. NEW SECTION. 12E.18 DISSOLUTION OF THE AUTHORITY.

The authority shall dissolve no later than two years from the date of final payment of all outstanding bonds and the satisfaction of all outstanding obligations of the authority, except to the extent necessary to remain in existence to fulfill any outstanding covenants or provisions with bondholders or third parties made in accordance with this chapter. Upon dissolution of the authority, all assets of the authority shall be returned to the state and shall be deposited in the tobacco settlement endowment fund, unless otherwise directed by the general assembly, and the authority shall execute any necessary assignments or instruments, including any assignment of any right, title, or ownership to the state for receipt of payments under the master settlement agreement.

Sec. 18. NEW SECTION. 12E.19 LIBERAL INTERPRETATION.

This chapter, being deemed necessary for the welfare of the state and its people, shall be liberally construed to effect its purpose.

Sec. 19. Section 12.30, subsection 1, paragraph a, Code 1999, is amended to read as follows:

a. "Authority" means a department, or public or quasi-public instrumentality of the state including, but not limited to, the authority created under chapter 12E, 16, 16A, 175, 257C, 261A, or 327I, which has the power to issue obligations, except that "authority" does not include the state board of regents or the Iowa finance authority to the extent it acts pursuant to chapter 260C.

Sec. 20. Section 12B.10, subsection 6, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. Investments by the tobacco settlement authority governed by chapter 12E.

Sec. 21. Section 12B.10A, subsection 6, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. The tobacco settlement authority governed by chapter 12E.

Sec. 22. Section 12B.10B, subsection 3, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. The tobacco settlement authority governed by chapter 12E.

Sec. 23. Section 12B.10C, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 8. The tobacco settlement authority governed by chapter 12E.

Sec. 24. Chapter 12E is repealed March 1, 2001.

Sec. 25. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 19, 2000

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## CHAPTER 1209

### IOWA HIGHER EDUCATION LOAN AUTHORITY — AUTHORIZATION

H.F. 2581

**AN ACT** relating to the authorization of the Iowa higher education loan authority to make loans and issue obligations to make loans to entities other than educational institutions, and to finance projects to be leased to educational institutions, and providing that the obligations and income from obligations are exempt from taxation.

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

Section 1. Section 261A.27, Code 1999, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Obligations issued by the authority on or after July 1, 2000, pursuant to either division of this chapter, their transfer, and income therefrom are exempt from taxation of any kind by the state or any political subdivision of the state.

Sec. 2. Section 261A.34, subsection 3, Code 1999, is amended to read as follows:

3. "Project" means any property located within the state, constructed or acquired before or after July 1, 1985, that may be used or will be useful in connection with the instruction, feeding, or recreation of students, the conducting of research, administration, or other work of an institution, or any combination of the foregoing. "Project" includes, but is not limited to, any academic facility, administrative facility, assembly hall, athletic facility, instructional facility, laboratory, library, maintenance facility, student health facility, recreational facility, research facility, student union, or other facility suitable for the use of an institution. "Project" also means the refunding or refinancing of outstanding obligations, mortgages, or advances, including advances from an endowment or similar fund, originally issued, made, or given by the institution to finance the cost of a project. "Project" also includes a project that is to be leased ~~by the authority~~ to an institution.

Sec. 3. Section 261A.35, Code 1999, is amended to read as follows:

261A.35 GENERAL POWER OF AUTHORITY.

The authority is authorized to assist institutions in the constructing, financing, and refinancing of projects, and the authority may take action authorized by this division. The authority is authorized to be a member of limited liability companies organized for the purpose of leasing projects to institutions.

Sec. 4. Section 261A.36, Code 1999, is amended to read as follows:

261A.36 ISSUANCE OF OBLIGATIONS.

The authority may issue obligations of the authority for any of its corporate purposes as provided for in this division including the issuing of obligations to finance projects to be leased ~~by the authority~~ to an institution, and fund or refund the obligations pursuant to this division.