

February 7, 2019

Via E-mail

Deborah Durham
Iowa Finance Authority
Executive Director
1963 Bell Avenue South, Suite 200
Des Moines, Iowa 50315

Re: Legal History of the Iowa Finance Authority

Dear Director Durham:

As a follow-up to our conversation of January 17, 2019, this letter confirms the Iowa Finance Authority (“IFA”) was created in 1975 (originally as Iowa Housing Finance Authority) pursuant to what is now Chapter 16 of the Code of Iowa (originally IFA was under Chapter 220). The Iowa Supreme Court, in *John R. Grubb, Inc. v. Iowa Housing Finance Authority*, 255 N.W.2d 89 (1977), upheld the constitutionality of the Act. In that same case, the Iowa Supreme Court stated that the Authority is:

“a corporate entity, separate and distinct from the state, with the power to sue and be sued in its own name, make by-laws for its management, contract, issue bonds and notes, and exercise all those general powers specified in [the Act].” *Id.* at 97.

As a result of Chapter 16 and findings of the *Grubb* case, debt of IFA is not indebtedness of the State of Iowa, and the State of Iowa is not obligated to repay the debt of IFA. Chapter 16 and the *Grubb* case permit IFA to issue debt to benefit the citizens of Iowa while not violating the limitations on debt set forth in the Iowa Constitution.

Sincerely,



David D. Grossklaus
Dorsey & Whitney LLP

DDG:sv