
Iowa Citizens Petition To Stop Bond Sale After Bid Accepted Ruled Untimely

A group of electors in an Iowa school district attempted to stop a Bond issue by filing a petition objecting to the issuance of the Bonds and requesting a bond appeal hearing with the State of Iowa Appeal Board. The State Appeal Board is composed of the State Auditor, the State Treasurer and State Director of the Department of Management. As described more fully below, the State Appeal Board denied the bond appeal because the petition was untimely.

The Bonds were secured by a referendum approved local option sales and services tax. The District followed the usual procedures by setting a date for hearing, publishing notice of such date, and having the hearing on the noticed date. As part of the notice, the District stated that it would receive and consider oral or written objections to the Bonds on the hearing date and that “after all objections have been received and considered, the Board of Education of the District will take additional action for the issuance of the Bonds or will abandon the proposal to issue the Bonds.”

On the hearing date, one oral objection to the Bonds was offered and the District then unanimously approved a resolution to issue the Bonds. Notice of the Bond sale was published and bids were received for the Bonds. On the Bond sale date, the Board of Education for the District awarded the Bonds to the most favorable bidder. Immediately after such award, the District was presented with a petition opposing the project and issuance of the Bonds and requesting a bond appeal to the State Appeal Board. A rarely used Iowa statute permits this appeal procedure.

After a review of the petition, the State Appeal Board denied the petition for a number of reasons, including the fact that the petition was untimely. The State Appeal Board declared that in order for the petition objecting to the Bonds to be timely, it would have had to have been filed before the date of hearing on the Bonds and of District approval of the Bonds.

This State Appeal Board decision should help to assure bond issuers that a petition to appeal a bond issue to the State Appeal Board will not be accepted by the State Appeal Board unless it is filed with the bond issuer prior to the date of approval of the bonds, which is typically on the date of hearing. The decision also helps to assure the Iowa bond market that bonds will not be delayed or taken from investors once a bond issuer has approved the bonds.

Speer Financial, Inc. is pleased to provide additional information on this decision and to assist any bond issuers that may encounter such bond petitions and appeals.