

A BILL

FOR AN ACT TO PROVIDE FOR THE ISSUE AND SALE OF STATE BONDS TO PROCURE A LOAN OF MONEY TO ENABLE THE STATE OF IOWA TO LOCATE, CONSTRUCT, EQUIP AND OPERATE A RAILROAD FROM THE CITY OF CLINTON, IN THE STATE OF IOWA, TO, AT OR NEAR THE CITY OF CHICAGO, IN THE STATE OF ILLINOIS, SO AS TO FORM CONNECTIONS WITH THE TRUNK LINES OF RAILROADS AND THE LAKES TO THE EASTERN STATES.

Be it enacted by the General Assembly of the State of Iowa :

SECTION 1. That the State of Iowa, for the purpose of borrowing money to enable the State to construct, equip and operate a railroad from the city of Clinton, in the State of Iowa, to, at or near the city of Chicago, in the State of Illinois, so as to form connections with the trunk lines of railroads to the eastern states, hereby authorizes the issue and sale of the bonds of the State to an amount not exceeding three millions of dollars, the bonds hereby authorized by this act shall be in sums of not less than one hundred and not more than one thousand dollars each and shall be redeemed at a period of not exceeding twenty years, and in such sums in the interval as may be determined at the time of their issue by the parties hereinafter authorized to issue the same, and said bonds shall bear interest at the rate of 3 per cent per annum payable semi-annually on the first day of April and October in each year, and both principal and interest shall be payable at the office of the treasurer of State, in Des Moines, Iowa.

SEC. 2. The Governor, Auditor and Secretary of State, are hereby authorized and required to issue the said bonds, from time to time as the wants and necessities of the State for the purposes contemplated in this act and the amount to be issued at any one time to be determined by the board of commissioners provided for in section five of this act said bonds shall stipulate for reimbursement of the principal and the payment of the interest in the manner directed by the preceding section. The Governor shall cause said bonds with interest coupons to be lithographed, and the bonds shall refer to this act by its title and the date of its approval as the authority under which they are issued, and said bonds shall be signed by the Governor, countersigned by the Auditor and Secretary of State, attested by the Secretary of State and sealed with the great seal of the State of Iowa, but the seal may be omitted from the coupons and said coupons shall be only signed by the Auditor of State

12 and the expense shall be paid for out of the railroad fund. No bond shall be signed and
13 perfected prior to the time they are actually needed for negotiation and then in such
14 amount only as may be required for the time being, and said bonds shall not be signed or
15 perfected, until the agents herein appointed are ready to receive them in person for sale
16 and negotiation as provided herein.

SEC. 3. No money arising from the sale of said bonds or any part thereof shall be used
2 or applied in any manner, or for any purpose except the purpose of ascertaining the best
3 route and for the purpose of constructing, equipping and operating a railroad from the
4 city of Clinton, in the State of Iowa to, at or near the city of Chicago, in the State of Illi-
5 nois, so as to form connections with the trunk lines of railroads and the lakes to the eastern
6 states, and the State of Iowa is hereby authorized to lay out, construct, equip and operate
7 said railroad, and they can use said funds for the purpose of procuring lithograph plats for
8 bonds and the issuing and execution of the same as provided for in section two and also
9 to pay the actual expense and compensation of agents herein appointed for sale of said
10 bonds as provided for in section, herein provided that for the protection of *bona fide*
11 holders of said bonds it is hereby declared not to be obligatory on them to look after or see
12 to the appropriation of the money raised by the sale of the bonds and any irregularity in
13 the issuing of said bonds shall not impair their validity in the hands of *bona fide* holders.

SEC. 4. The State hereby irrevocably pledges its faith to provide adequate means to pay
2 the interest and principal of said bonds as the same may become due, and for that purpose
3 all or so much as is necessary of the revenue arising from the entire taxable property of the
4 State shall be and the same is hereby set apart and pledged and it is hereby made the duty
5 of the Executive Council or other proper officers to levy in each year a tax sufficient for
6 that purpose after the payment of the costs of collection, and it is further agreed that no
7 tax shall ever be levied by the State of Iowa on the stock hereby created, and for the pur-
8 pose of reimbursing the State, it shall charge for freight and passenger fare such amount
9 and only such amount as will be necessary to operate said road, pay all running expenses,
10 keep the same in repair and in addition thereto pay the interest and debt as the same be-
11 comes due.

SEC. 5. The Governor of the State by virtue of his office shall be president of the board
2 of commissioners, and, of county;
3 of county;, of county, are hereby ap-
4 pointed a board of commissioners who or a majority of whom shall cause to be issued and
5 sold from time to time only so many of the bonds hereby authorized as in their judgment
6 the wants of the State for the purposes herein contemplated may require, and said commis-
7 sioners shall also have the superintendency of the laying out, construction and operating of
8 and said railroad, all money arising from the sale of said bonds shall be paid into the treas-

9 ury of the State and shall be kept as a separate fund, and the same shall not be subject to
 10 the general warrants of the Auditor of State, but only to warrants issued for debts created
 11 for objects coming within the meaning and provision of section three of this act. Said
 12 fund shall be known as the "Railroad Fund." The bonds shall be called the "Iowa State
 13 Bonds." Any vacancy in the board of commissioners authorized in this section shall be
 14 filled by the Governor.

SEC. 6. The Treasurer of State and, of the county of,
 2 are hereby declared to be agents of the State, with full power to negotiate said loan, and
 3 said agents shall fully report under oath all their doings in the premises to the Governor,
 4 who shall communicate the same to the Legislature at its next session, and in case of va-
 5 cancy in said agency by reason of death, resignation or otherwise the Governor shall fill the
 6 vacancy.

SEC. 7. Before the said agents are intrusted with any of said bonds they shall give a
 2 bond with sureties in the penal sum of not less than twice the amount of the bond de-
 3 livered to them, conditioned for the paying of all money received by them from said sale
 4 to the Treasurer of State and the faithful performance of their duties, which bond shall be
 5 approved by the Governor, Auditor and Secretary of State, and filed with the Auditor of
 6 State, who is directed to record the same in his office, and said bond to be renewed when-
 7 ever they are giving bonds for sale, and the loss of said bonds or money by robbery or
 8 otherwise, shall be no defense to an action on the bond. Any bond delivered to the agents,
 9 and not sold, shall be delivered by said agents to the Treasurer of State, who shall keep the
 10 same in his office until called for by the Governor, and for the performance of his duty the
 11 Treasurer and his securities shall be liable on his official bond ; the amount of which bond
 12 shall be increased or additional bonds given from time to time, as may be required by the
 13 Governor, as now provided by law.

SEC. 8. As compensation for the risk assumed and services rendered, the said agents shall
 2 be allowed their actual expenses, and in addition, such an amount not exceeding one-fourth
 3 of one per cent on the amount sold and paid into the State treasury, as the Governor,
 4 Auditor and Secretary of State may deem right, and the Commissioners shall be paid their
 5 actual expenses, and in addition thereto, fifteen hundred dollars a year for the services to
 6 be performed by them, and said service and expense to be paid out of said "Railroad fund."

SEC. 9. The bonds herein provided for shall not be sold at private sale for less than their
 2 par value, nor shall they be sold at public sale for less, without the written direction of the
 3 Board of Commissioners ; and for the purpose of disposing of said bonds, the agents can, if
 4 they deem it advisable, visit New York, Boston, and other Eastern cities , and whenever
 5 they offer said bonds at public sale, they shall, before they open any bids, have a copy of
 6 this act for public inspection, and they shall advertise the sale of said bonds when they are

7 to be sold at public sale, in two of the leading newspapers of New York, Boston and Chi-
8 cago ; said papers, and the length of time the same is to be published, to be designated by
9 the written direction of the Board of Commissioners.

SEC. 10. At the general election to be held in November, 1886, there shall be submitted to
2 the people of this State the question whether this law as to bonds shall take effect, and
8 there shall be written or printed on the ballot cast, either of the sentences following, to-wit:
4 "For the railroad fund act ;" "against the railroad fund act." And if a majority of all the
5 votes cast at said election be on the act, be for the "railroad fund act," then and not other-
6 wise, shall the provisions of this act be in full force in this State.