

February 18, 1998

**ENGROSSED
SENATE BILL No. 463**

DIGEST OF SB 463 (Updated February 17, 1998 1:50 pm - DI 58)

Citations Affected: IC 5-1; IC 10-2; IC 20-12.

Synopsis: Higher education bonding, veteran tuition exemptions and state armory board funds. Legalizes debt issued before March 15, 1998. Provides that certain bonds issued by state universities may bear interest at fixed or variable rates. Authorizes state universities to borrow funds on a temporary basis in anticipation of the issuance of long term obligations and to negotiate a loan, line of credit, or other credit facility. Allows the state armory board to contribute funds in support of certain purposes. Specifies that the following persons are eligible to receive tuition exemptions as the relatives of veterans: (1) A person who is a pupil at the Soldiers' and Sailors' Children's Home
(Continued next page)

Effective: See text of bill.

Wyss, Craycraft

(HOUSE SPONSORS — BAILEY, ALDERMAN, WEBBER, DAVIS)

January 14, 1998, read first time and referred to Committee on Public Policy.
January 27, 1998, reported favorably — Do Pass.
January 30, 1998, read second time, ordered engrossed. Engrossed.
February 3, 1998, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

February 10, 1998, read first time and referred to Committee on Ways and Means.
February 17, 1998, amended, reported — Do Pass.

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if the person was admitted to the Soldiers' and Sailors' Children's Home because the person was related to a member of the armed forces of the United States. (2) A person whose mother or father served in the armed forces of the United States if the mother or father received the Purple Heart decoration or was wounded as a result of enemy action and received any discharge or separation from the armed forces other than a dishonorable discharge. (3) A person whose mother or father served in the armed forces of the United States before July 1, 1998, during any war or performed duty equally hazardous that was recognized by the award of a service or campaign medal of the United States if the mother or father suffered a service connected death or disability and received any discharge or separation from the armed forces other than a dishonorable discharge. Provides that a person may not receive a tuition exemption unless the person: (1) is eligible to pay the resident tuition rate at the college or university the person will attend as determined by the college or university; and (2) possesses the requisite academic qualifications. Provides that the tuition exemption is for 124 semester credit hours. (Current law provides that the tuition exemption is for a four year period.) Specifies that a credit hour counts toward the total credit hours allowed under the tuition exemption once a student enrolls in a class. Makes it a Class A misdemeanor for a person to knowingly or intentionally submit a false or misleading application or other document to receive a tuition exemption. (The introduced version of this bill was prepared by the commission on military and veterans affairs.)

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February 18, 1998

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

ENGROSSED SENATE BILL No. 463

A BILL FOR AN ACT to amend the Indiana Code concerning education.

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

1 SECTION 1. IC 5-1-1-1, AS AMENDED BY P.L.34-1997,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 1. (a) "Leasing body" means a not-for-profit
4 corporation, limited purpose corporation, or authority that has leased
5 land and a building or buildings to an entity named in subsection (b)
6 other than another leasing body.
7 (b) All bonds, notes, evidences of indebtedness, leases, or other
8 written obligations issued by or in the name of any state agency,
9 county, township, city, incorporated town, school corporation, state
10 educational institution, state supported institution of higher learning,
11 political subdivision, joint agency created under IC 8-1-2.2, leasing
12 body, or any other political, municipal, public or quasi-public
13 corporation, or in the name of any special assessment or taxing district
14 or in the name of any commission, authority, or authorized body of any
15 such entity and any pledge, conveyance, or mortgage securing these

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1 bonds, notes, evidences of indebtedness, leases, or other written
 2 obligations are hereby legalized and declared valid if these bonds,
 3 notes, evidences of indebtedness, leases, or other written obligations
 4 have been executed before March 31, 1997: **15, 1998**. All proceedings
 5 had and actions taken under which the bonds, notes, evidences of
 6 indebtedness, leases, or other written obligations were issued or the
 7 pledge, conveyance, or mortgage was granted, are hereby fully
 8 legalized and declared valid.

9 (c) All contracts for the purchase of electric power and energy or
 10 utility capacity or service entered into by a joint agency created under
 11 IC 8-1-2.2 and its members used for the purpose of securing payment
 12 of principal and interest on bonds, notes, evidences of indebtedness,
 13 leases, or other written obligations issued by or in the name of such
 14 joint agency are hereby legalized and declared valid if entered into
 15 before March 31, 1997: **15, 1998**. All proceedings held and actions
 16 taken under which contracts for the purchase of electric power and
 17 energy or utility capacity or service were executed or entered into are
 18 hereby fully legalized and declared valid.

19 SECTION 2. IC 10-2-2-9.5 IS ADDED TO THE INDIANA CODE
 20 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 21 **UPON PASSAGE]: Sec. 9.5. The state armory board may**
 22 **contribute funds in support of any of the following:**

- 23 (1) **The operation and maintenance of the facilities of the**
 24 **military department.**
- 25 (2) **The ceremonial unit of the military department.**
- 26 (3) **The Indiana guard reserve.**
- 27 (4) **The annual report of the adjutant-general.**
- 28 (5) **Recruiting of the military department.**
- 29 (6) **Public relations of the military department.**
- 30 (7) **Cooperative funding agreements entered into by the**
 31 **federal government and the adjutant general or the military**
 32 **department.**

33 SECTION 3. IC 20-12-7-2 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For the
 35 purpose of raising funds for the acquisition of property and the
 36 erection, construction, remodeling, renovation, furnishing, and
 37 equipping of property, the trustees, respectively, may issue and sell
 38 bonds of the institution. The bonds, and the interest on the bonds, may
 39 be secured by pledge or mortgage of:

- 40 (1) any property, real or personal, used or acquired or to be
 41 acquired and used for the purposes described under this chapter
 42 and the improvements made or to be made on the property;



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1 (2) the net income from the property;
 2 (3) the property and the net income from the property; or
 3 (4) any unobligated net income of any property financed under
 4 this chapter;
 5 as the trustees may determine.
 6 (b) The lien of the pledge or mortgage, to the extent of the lien, as
 7 determined and provided by the respective trustees, and as authorized
 8 under this chapter, shall be a first and primary lien for the payment of
 9 the bonds secured and the interest on the bonds.
 10 (c) The bonds may be issued for the amount or amounts as the
 11 trustees shall determine. However, these amounts may not exceed:
 12 (1) the total estimated cost of acquiring, erecting, constructing,
 13 remodeling, renovating, completing, equipping, and furnishing
 14 any property as the respective trustees determine the cost to be;
 15 plus
 16 (2) incidental expenses, financing costs, underwriter's discount,
 17 funded or capitalized interest, municipal bond insurance
 18 premiums, or funding debt service reserve funds from bond
 19 proceeds.
 20 (d) The bonds may be issued in the denominations **and** with the
 21 maturities ~~and for the rate of interest~~ as the respective trustees ~~fix and~~
 22 determine, and, in the discretion of the respective trustees, the bonds
 23 may be sold either at public or negotiated sale as provided by IC 4-1-5.
 24 **The rate or rates of interest on the bonds may be fixed or variable.**
 25 **Variable rates shall be determined in the manner and in**
 26 **accordance with the procedures set forth in the resolution or**
 27 **indenture authorizing the issuance of the bonds. Bonds bearing a**
 28 **variable rate of interest may be converted to bonds bearing a fixed**
 29 **rate or rates of interest to the extent and in the manner set forth in**
 30 **the resolution or indenture pursuant to which the bonds are issued.**
 31 **The interest may be payable semiannually, annually, or at any**
 32 **other interval or intervals provided in the resolution, or the**
 33 **interest may be compounded and paid at maturity or at any other**
 34 **time as specified in the resolution or indenture. The bonds may be**
 35 **made subject to redemption by the corporation at the times and**
 36 **under the circumstances set forth in the authorizing resolution or**
 37 **indenture.**
 38 (e) The bonds and the pledge or mortgage securing the bonds, shall
 39 be issued, and made in the name, and on behalf of the respective
 40 corporations by the officer or officers as the trustees respectively
 41 designate.
 42 SECTION 4. IC 20-12-8-2 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For the
 2 purpose of raising funds for the acquisition of property and the
 3 erection, construction, reconstruction, extension, remodeling,
 4 improvement, completion, equipping, and furnishing of property, the
 5 governing boards of the corporations, respectively, may issue and sell
 6 bonds of the corporations. The bonds and the interest on the bonds may
 7 be secured by pledge or mortgage of:

8 (1) any property, real or personal, used or acquired or to be
 9 acquired and used for such purposes, and the improvements made
 10 or to be made on the property;

11 (2) the net income from the property;

12 (3) the property and the net income from the property; or

13 (4) any unobligated net income of any property financed under
 14 this chapter;

15 as the governing boards may determine.

16 (b) The lien of the pledge or mortgage, to the extent of the lien, as
 17 determined and provided by the respective governing boards, and as
 18 authorized under this chapter, shall be a first and primary lien for the
 19 payment of the bonds and the interest on the bonds.

20 (c) The bonds may be issued for an amount or amounts as the
 21 governing boards shall determine. However, these amounts may not
 22 exceed:

23 (1) the total estimated cost of acquiring property for and erecting,
 24 constructing, reconstructing, extending, remodeling, improving,
 25 completing, equipping, furnishing, and financing the proposed
 26 property as the respective governing boards determine the cost to
 27 be; plus

28 (2) incidental expenses, financing costs, underwriter's discount,
 29 funded or capitalized interest, municipal bond insurance
 30 premiums, or funding debt service reserve funds from bond
 31 proceeds.

32 (d) The bonds may be issued in the denominations **and** with the
 33 maturities ~~and for the rate of interest~~ as the respective governing boards
 34 ~~fix and~~ determine, and, in the discretion of the respective boards, the
 35 bonds may be sold either at public or negotiated sale, as provided by
 36 IC 4-1-5-1. **The rate or rates of interest on the bonds may be fixed**
 37 **or variable. Variable rates shall be determined in the manner and**
 38 **in accordance with the procedures set forth in the resolution or**
 39 **indenture authorizing the issuance of the bonds. Bonds bearing a**
 40 **variable rate of interest may be converted to bonds bearing a fixed**
 41 **rate or rates of interest to the extent and in the manner set forth in**
 42 **the resolution or indenture pursuant to which the bonds are issued.**



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1 **The interest may be payable semiannually, annually, or at any**
 2 **other interval or intervals provided in the resolution, or the**
 3 **interest may be compounded and paid at maturity or at any other**
 4 **time as specified in the resolution or indenture. The bonds may be**
 5 **made subject to redemption by the corporation at the times and**
 6 **under the circumstances set forth in the authorizing resolution or**
 7 **indenture.**

8 (e) The bonds and the pledge or mortgage securing the bonds, shall
 9 be issued and made in the name, and on behalf of the respective
 10 corporations by the officer or officers as the governing boards
 11 respectively designate.

12 SECTION 5. IC 20-12-9.5 IS ADDED TO THE INDIANA CODE
 13 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]:

15 **Chapter 9.5. Temporary Borrowings**

16 **Sec. 1. As used in this chapter, "corporation" means the trustees**
 17 **of Indiana University, the trustees of Purdue University, the**
 18 **University of Southern Indiana board of trustees, the Ball State**
 19 **University board of trustees, the Indiana State University board of**
 20 **trustees, the board of trustees for Vincennes University, or the**
 21 **trustees of Ivy Tech State College.**

22 **Sec. 2. As used in this chapter, "obligations" means bonds,**
 23 **notes, or other evidence of indebtedness or other obligation issued**
 24 **by a corporation.**

25 **Sec. 3. A corporation may borrow funds on a temporary basis**
 26 **in anticipation of the issuance of long term obligations and use the**
 27 **proceeds of a temporary borrowing for any purpose for which the**
 28 **corporation could issue obligations under IC 20-12-6, IC 20-12-7,**
 29 **IC 20-12-8, or IC 20-12-9. A temporary borrowing may be issued:**

- 30 (1) in the form of a bond, note, commercial paper, or any
 31 other form;
 32 (2) upon the terms and conditions and with the provisions,
 33 including redemption provisions;
 34 (3) at the rate or rates of interest (fixed or variable); and
 35 (4) in the denominations, which may be made convertible into
 36 different denominations;

37 as the corporation determines by the adoption of a resolution or
 38 approval of a form of indenture between the corporation and a
 39 designated corporate trustee, or both. A corporation may negotiate
 40 the terms of any temporary borrowing.

41 **Sec. 4. A corporation may negotiate a loan, line of credit, or**
 42 **other credit facility and issue a note for a credit facility with any**



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1 institution or entity on the terms and conditions that the
 2 corporation determines by the adoption of a resolution or approval
 3 of an agreement between the corporation and the institution or
 4 entity.

5 **Sec. 5. A corporation may pledge and assign for the benefit of**
 6 **holders of temporary obligations or a credit facility under this**
 7 **chapter any security that the corporation may pledge and assign**
 8 **for the payment of bonds or notes under IC 20-12-6, IC 20-12-7,**
 9 **IC 20-12-8, or IC 20-12-9.**

10 **Sec. 6. The powers of a corporation under this chapter are in**
 11 **addition to all other powers of a corporation to issue obligations.**

12 SECTION 6. IC 20-12-19-1, AS AMENDED BY P.L.5-1995,
 13 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 1998]: Sec. 1. (a) Any person:

15 (1) who:

16 (A) is a pupil of the Soldiers' and Sailors' Children's Home; or
 17 (B) for one (1) year preceding application therefor had the
 18 person's domicile in Indiana;

19 (2) whose mother or father:

20 (A) served in the armed forces of the United States between
 21 April 6, 1917; and July 2, 1921; and was wounded; gassed; or
 22 disabled as evidenced by the United States Department of
 23 Defense records or is suffering from a service connected
 24 disability as evidenced by the United States Department of
 25 Veterans Affairs records; or

26 (B) is covered by IC 10-5-11 or IC 10-5-13; and

27 (3) who possesses the requisite academic qualifications;

28 shall be **This section applies to the following persons:**

29 (1) **A person who:**

30 (A) is a pupil at the Soldiers' and Sailors' Children's
 31 Home;

32 (B) was admitted to the Soldiers' and Sailors' Children's
 33 Home because the person was related to a member of the
 34 armed forces of the United States;

35 (C) is eligible to pay the resident tuition rate at the college
 36 or university the person will attend as determined by the
 37 college or university; and

38 (D) possesses the requisite academic qualifications.

39 (2) **A person:**

40 (A) whose mother or father:

41 (i) served in the armed forces of the United States;

42 (ii) received the Purple Heart decoration or was



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- 1 wounded as a result of enemy action; and
 2 (iii) received any discharge or separation from the
 3 armed forces other than a dishonorable discharge;
 4 **(B) who is eligible to pay the resident tuition rate at the**
 5 **college or university the person will attend as determined**
 6 **by the college or university; and**
 7 **(C) who possesses the requisite academic qualifications.**
 8 **(3) A person:**
 9 **(A) whose mother or father:**
 10 (i) served in the armed forces of the United States before
 11 July 1, 1998, during any war or performed duty equally
 12 hazardous that was recognized by the award of a service
 13 or campaign medal of the United States;
 14 (ii) suffered a service connected death or disability as
 15 determined by the United States Department of Veterans
 16 Affairs; and
 17 (iii) received any discharge or separation from the
 18 armed forces other than a dishonorable discharge;
 19 **(B) who is eligible to pay the resident tuition rate at the**
 20 **college or university the person will attend as determined**
 21 **by the college or university; and**
 22 **(C) who possesses the requisite academic qualifications.**
 23 **(b) A person described in subsection (a) is entitled to enter**
 24 ~~remain;~~ and receive instruction in Indiana University, Purdue
 25 University, Indiana State University, Ball State University, Ivy Tech
 26 State College, University of Southern Indiana, Vincennes University,
 27 and their extension centers throughout Indiana, upon the same
 28 conditions, qualifications, and regulations prescribed for other
 29 applicants for admission to or scholars in the educational institutions,
 30 without the payment of any fees paid into the general fund of the
 31 colleges or universities, for ~~four (4)~~ years while pursuing any
 32 prescribed course of education **one hundred twenty-four (124)**
 33 **semester credit hours** in the institution of higher learning.
 34 ~~(b)~~ **(c) If an applicant:**
 35 (1) is permitted to matriculate in the state institutions of higher
 36 learning;
 37 (2) shall qualify under this chapter; and
 38 (3) shall have earned or been awarded a cash scholarship which
 39 is paid or payable to such institution, from whatsoever source;
 40 the amount paid shall be applied to the credit of such applicant in the
 41 payment of incidental expenses of the applicant's attendance at the
 42 institution, and any balance, if the terms of the scholarship permit, shall

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1 be returned to such applicant.

2 (c) (d) Determination of eligibility for higher education benefits
3 authorized under this section ~~IC 10-5-11~~, or ~~IC 10-5-13~~ is vested
4 exclusively in the Indiana department of veterans' affairs. Any
5 applicant for these benefits may make a written request for a
6 determination of eligibility by the Indiana department of veterans'
7 affairs. The director or deputy director of the department shall make a
8 written determination of eligibility in response to each request.

9 (d) (e) An appeal from an adverse determination shall be made in
10 writing to the veterans' affairs commission not more than fifteen (15)
11 working days following the applicant's receipt of the determination. A
12 final order shall be made by a simple majority of the veterans' affairs
13 commission not more than fifteen (15) days following receipt of the
14 written appeal.

15 (f) **A person who knowingly or intentionally submits a false or**
16 **misleading application or other document under this section**
17 **commits a Class A misdemeanor.**

18 SECTION 7. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Public Policy, to which was referred Senate Bill 463, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 463 as introduced.)

WYSS, Chairperson

Committee Vote: Yeas 8, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 463, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between line 1 and the enacting clause, begin a new paragraph and insert:

"SECTION 1. IC 5-1-1-1, AS AMENDED BY P.L.34-1997, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) "Leasing body" means a not-for-profit corporation, limited purpose corporation, or authority that has leased land and a building or buildings to an entity named in subsection (b) other than another leasing body.

(b) All bonds, notes, evidences of indebtedness, leases, or other written obligations issued by or in the name of any state agency, county, township, city, incorporated town, school corporation, state educational institution, state supported institution of higher learning, political subdivision, joint agency created under IC 8-1-2.2, leasing body, or any other political, municipal, public or quasi-public corporation, or in the name of any special assessment or taxing district or in the name of any commission, authority, or authorized body of any such entity and any pledge, conveyance, or mortgage securing these bonds, notes, evidences of indebtedness, leases, or other written obligations are hereby legalized and declared valid if these bonds, notes, evidences of indebtedness, leases, or other written obligations have been executed before March 31, 1997. **15, 1998.** All proceedings had and actions taken under which the bonds, notes, evidences of indebtedness, leases, or other written obligations were issued or the pledge, conveyance, or mortgage was granted, are hereby fully legalized and declared valid.

(c) All contracts for the purchase of electric power and energy or utility capacity or service entered into by a joint agency created under IC 8-1-2.2 and its members used for the purpose of securing payment of principal and interest on bonds, notes, evidences of indebtedness, leases, or other written obligations issued by or in the name of such joint agency are hereby legalized and declared valid if entered into before March 31, 1997. **15, 1998.** All proceedings held and actions taken under which contracts for the purchase of electric power and energy or utility capacity or service were executed or entered into are hereby fully legalized and declared valid.

SECTION 2. IC 10-2-2-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE

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UPON PASSAGE]: **Sec. 9.5. The state armory board may contribute funds in support of any of the following:**

- (1) The operation and maintenance of the facilities of the military department.**
- (2) The ceremonial unit of the military department.**
- (3) The Indiana guard reserve.**
- (4) The annual report of the adjutant-general.**
- (5) Recruiting of the military department.**
- (6) Public relations of the military department.**
- (7) Cooperative funding agreements entered into by the federal government and the adjutant general or the military department.**

SECTION 3. IC 20-12-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For the purpose of raising funds for the acquisition of property and the erection, construction, remodeling, renovation, furnishing, and equipping of property, the trustees, respectively, may issue and sell bonds of the institution. The bonds, and the interest on the bonds, may be secured by pledge or mortgage of:

- (1) any property, real or personal, used or acquired or to be acquired and used for the purposes described under this chapter and the improvements made or to be made on the property;
- (2) the net income from the property;
- (3) the property and the net income from the property; or
- (4) any unobligated net income of any property financed under this chapter;

as the trustees may determine.

(b) The lien of the pledge or mortgage, to the extent of the lien, as determined and provided by the respective trustees, and as authorized under this chapter, shall be a first and primary lien for the payment of the bonds secured and the interest on the bonds.

(c) The bonds may be issued for the amount or amounts as the trustees shall determine. However, these amounts may not exceed:

- (1) the total estimated cost of acquiring, erecting, constructing, remodeling, renovating, completing, equipping, and furnishing any property as the respective trustees determine the cost to be; plus
- (2) incidental expenses, financing costs, underwriter's discount, funded or capitalized interest, municipal bond insurance premiums, or funding debt service reserve funds from bond proceeds.

(d) The bonds may be issued in the denominations **and** with the



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maturities ~~and for the rate of interest~~ as the respective trustees ~~fix and~~ determine, and, in the discretion of the respective trustees, the bonds may be sold either at public or negotiated sale as provided by IC 4-1-5. **The rate or rates of interest on the bonds may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution or indenture authorizing the issuance of the bonds. Bonds bearing a variable rate of interest may be converted to bonds bearing a fixed rate or rates of interest to the extent and in the manner set forth in the resolution or indenture pursuant to which the bonds are issued. The interest may be payable semiannually, annually, or at any other interval or intervals provided in the resolution, or the interest may be compounded and paid at maturity or at any other time as specified in the resolution or indenture. The bonds may be made subject to redemption by the corporation at the times and under the circumstances set forth in the authorizing resolution or indenture.**

(e) The bonds and the pledge or mortgage securing the bonds, shall be issued, and made in the name, and on behalf of the respective corporations by the officer or officers as the trustees respectively designate.

SECTION 4. IC 20-12-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For the purpose of raising funds for the acquisition of property and the erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, and furnishing of property, the governing boards of the corporations, respectively, may issue and sell bonds of the corporations. The bonds and the interest on the bonds may be secured by pledge or mortgage of:

- (1) any property, real or personal, used or acquired or to be acquired and used for such purposes, and the improvements made or to be made on the property;
- (2) the net income from the property;
- (3) the property and the net income from the property; or
- (4) any unobligated net income of any property financed under this chapter;

as the governing boards may determine.

(b) The lien of the pledge or mortgage, to the extent of the lien, as determined and provided by the respective governing boards, and as authorized under this chapter, shall be a first and primary lien for the payment of the bonds and the interest on the bonds.

(c) The bonds may be issued for an amount or amounts as the

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governing boards shall determine. However, these amounts may not exceed:

(1) the total estimated cost of acquiring property for and erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing, and financing the proposed property as the respective governing boards determine the cost to be; plus

(2) incidental expenses, financing costs, underwriter's discount, funded or capitalized interest, municipal bond insurance premiums, or funding debt service reserve funds from bond proceeds.

(d) The bonds may be issued in the denominations **and** with the maturities ~~and for the rate of interest~~ as the respective governing boards ~~fix and~~ determine, and, in the discretion of the respective boards, the bonds may be sold either at public or negotiated sale, as provided by IC 4-1-5-1. **The rate or rates of interest on the bonds may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution or indenture authorizing the issuance of the bonds. Bonds bearing a variable rate of interest may be converted to bonds bearing a fixed rate or rates of interest to the extent and in the manner set forth in the resolution or indenture pursuant to which the bonds are issued. The interest may be payable semiannually, annually, or at any other interval or intervals provided in the resolution, or the interest may be compounded and paid at maturity or at any other time as specified in the resolution or indenture. The bonds may be made subject to redemption by the corporation at the times and under the circumstances set forth in the authorizing resolution or indenture.**

(e) The bonds and the pledge or mortgage securing the bonds, shall be issued and made in the name, and on behalf of the respective corporations by the officer or officers as the governing boards respectively designate.

SECTION 5. IC 20-12-9.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 9.5. Temporary Borrowings

Sec. 1. As used in this chapter, "corporation" means the trustees of Indiana University, the trustees of Purdue University, the University of Southern Indiana board of trustees, the Ball State University board of trustees, the Indiana State University board of trustees, the board of trustees for Vincennes University, or the



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trustees of Ivy Tech State College.

Sec. 2. As used in this chapter, "obligations" means bonds, notes, or other evidence of indebtedness or other obligation issued by a corporation.

Sec. 3. A corporation may borrow funds on a temporary basis in anticipation of the issuance of long term obligations and use the proceeds of a temporary borrowing for any purpose for which the corporation could issue obligations under IC 20-12-6, IC 20-12-7, IC 20-12-8, or IC 20-12-9. A temporary borrowing may be issued:

- (1) in the form of a bond, note, commercial paper, or any other form;
- (2) upon the terms and conditions and with the provisions, including redemption provisions;
- (3) at the rate or rates of interest (fixed or variable); and
- (4) in the denominations, which may be made convertible into different denominations;

as the corporation determines by the adoption of a resolution or approval of a form of indenture between the corporation and a designated corporate trustee, or both. A corporation may negotiate the terms of any temporary borrowing.

Sec. 4. A corporation may negotiate a loan, line of credit, or other credit facility and issue a note for a credit facility with any institution or entity on the terms and conditions that the corporation determines by the adoption of a resolution or approval of an agreement between the corporation and the institution or entity.

Sec. 5. A corporation may pledge and assign for the benefit of holders of temporary obligations or a credit facility under this chapter any security that the corporation may pledge and assign for the payment of bonds or notes under IC 20-12-6, IC 20-12-7, IC 20-12-8, or IC 20-12-9.

Sec. 6. The powers of a corporation under this chapter are in addition to all other powers of a corporation to issue obligations."

Page 2, line 39, after "enter" delete ",."

Page 2, line 40, strike "remain,".

Page 3, after line 33, begin a new paragraph and insert:

"SECTION 7. An emergency is declared for this act."

C
O
P
Y



Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.

(Reference is to Senate Bill 463 as printed January 28, 1998.)

BAUER, Chair

Committee Vote: yeas 23, nays 0.

C
o
p
y

