

**CONFERENCE COMMITTEE REPORT
DIGEST FOR HB 1109**

Citations Affected: IC 5-1-1-1; IC 20.

Synopsis: Local and university bonds; arts laboratory school. 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 Indiana University to establish a public, residential high school for the arts beginning in the 1998-1999 school year. (This conference committee report adds the provisions concerning legalization of debt and university bonds and borrowings.)

Effective: Upon passage; July 1, 1998.

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1109 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 education and finance.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 5-1-1-1, AS AMENDED BY P.L.34-1997,
- 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 UPON PASSAGE]: Sec. 1. (a) "Leasing body" means a not-for-profit
- 9 corporation, limited purpose corporation, or authority that has leased
- 10 land and a building or buildings to an entity named in subsection (b)
- 11 other than another leasing body.
- 12 (b) All bonds, notes, evidences of indebtedness, leases, or other
- 13 written obligations issued by or in the name of any state agency,
- 14 county, township, city, incorporated town, school corporation, state
- 15 educational institution, state supported institution of higher learning,
- 16 political subdivision, joint agency created under IC 8-1-2.2, leasing
- 17 body, or any other political, municipal, public or quasi-public
- 18 corporation, or in the name of any special assessment or taxing district
- 19 or in the name of any commission, authority, or authorized body of any
- 20 such entity and any pledge, conveyance, or mortgage securing these
- 21 bonds, notes, evidences of indebtedness, leases, or other written
- 22 obligations are hereby legalized and declared valid if these bonds,
- 23 notes, evidences of indebtedness, leases, or other written obligations
- 24 have been executed before March 31, ~~1997~~ **15, 1998**. All proceedings

1 had and actions taken under which the bonds, notes, evidences of
 2 indebtedness, leases, or other written obligations were issued or the
 3 pledge, conveyance, or mortgage was granted, are hereby fully
 4 legalized and declared valid.

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

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

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

29 as the trustees may determine.

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

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

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

44 (d) The bonds may be issued in the denominations **and** with the
 45 maturities **and for the rate of interest** as the respective trustees **fix and**
 46 determine, and, in the discretion of the respective trustees, the bonds
 47 may be sold either at public or negotiated sale as provided by IC 4-1-5.
 48 **The rate or rates of interest on the bonds may be fixed or variable.**
 49 **Variable rates shall be determined in the manner and in**
 50 **accordance with the procedures set forth in the resolution or**
 51 **indenture authorizing the issuance of the bonds. Bonds bearing a**

1 **variable rate of interest may be converted to bonds bearing a fixed**
 2 **rate or rates of interest to the extent and in the manner set forth in**
 3 **the resolution or indenture pursuant to which the bonds are issued.**
 4 **The interest may be payable semiannually, annually, or at any**
 5 **other interval or intervals provided in the resolution, or the**
 6 **interest may be compounded and paid at maturity or at any other**
 7 **time as specified in the resolution or indenture. The bonds may be**
 8 **made subject to redemption by the corporation at the times and**
 9 **under the circumstances set forth in the authorizing resolution or**
 10 **indenture.**

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

15 SECTION 3. IC 20-12-8-2 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For the
 17 purpose of raising funds for the acquisition of property and the
 18 erection, construction, reconstruction, extension, remodeling,
 19 improvement, completion, equipping, and furnishing of property, the
 20 governing boards of the corporations, respectively, may issue and sell
 21 bonds of the corporations. The bonds and the interest on the bonds may
 22 be secured by pledge or mortgage of:

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

30 as the governing boards may determine.

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

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

- 38 (1) the total estimated cost of acquiring property for and
- 39 erecting, constructing, reconstructing, extending, remodeling,
- 40 improving, completing, equipping, furnishing, and financing the
- 41 proposed property as the respective governing boards determine
- 42 the cost to be; plus
- 43 (2) incidental expenses, financing costs, underwriter's discount,
- 44 funded or capitalized interest, municipal bond insurance
- 45 premiums, or funding debt service reserve funds from bond
- 46 proceeds.

47 (d) The bonds may be issued in the denominations **and** with the
 48 maturities ~~and for the rate of interest~~ as the respective governing boards
 49 ~~fix and~~ determine, and, in the discretion of the respective boards, the
 50 bonds may be sold either at public or negotiated sale, as provided by
 51 IC 4-1-5-1. **The rate or rates of interest on the bonds may be fixed**

1 or variable. Variable rates shall be determined in the manner and
 2 in accordance with the procedures set forth in the resolution or
 3 indenture authorizing the issuance of the bonds. Bonds bearing a
 4 variable rate of interest may be converted to bonds bearing a fixed
 5 rate or rates of interest to the extent and in the manner set forth in
 6 the resolution or indenture pursuant to which the bonds are issued.
 7 The interest may be payable semiannually, annually, or at any
 8 other interval or intervals provided in the resolution, or the
 9 interest may be compounded and paid at maturity or at any other
 10 time as specified in the resolution or indenture. The bonds may be
 11 made subject to redemption by the corporation at the times and
 12 under the circumstances set forth in the authorizing resolution or
 13 indenture.

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

18 SECTION 4. IC 20-12-9.5 IS ADDED TO THE INDIANA CODE
 19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 20 UPON PASSAGE]:

21 **Chapter 9.5. Temporary Borrowings**

22 **Sec. 1.** As used in this chapter, "corporation" means the
 23 trustees of Indiana University, the trustees of Purdue University,
 24 the University of Southern Indiana board of trustees, the Ball State
 25 University board of trustees, the Indiana State University board of
 26 trustees, the board of trustees for Vincennes University, or the
 27 trustees of Ivy Tech State College.

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

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

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

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

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

1 **entity.**

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

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

9 Page 2, after line 14, begin a new paragraph and insert:

10 **"SECTION 6. An emergency is declared for this act."**

11 Renumber all SECTIONS consecutively.

(Reference is to ESB 1109 as printed February 20, 1998.)

Conference Committee Report
on
House Bill 1109

Signed by:

Senator Clark

Representative Kruzan

Senator Simpson

Representative Bales

Senate Conferees

House Conferees