
ENGROSSED HOUSE BILL No. 1109

DIGEST OF HB1109 (Updated February 18, 1998 3:12 pm - DI 71)

Citations Affected: IC 20-12.

Synopsis: Indiana laboratory school for the arts. Allows Indiana University to establish a public, residential high school for the arts beginning in the 1998-1999 school year.

Effective: July 1, 1998.

Kruzan, Bales, Bodiker, Bosma

(SENATE SPONSORS — CLARK, SIMPSON)

January 6, 1998, read first time and referred to Committee on Education.
January 27, 1998, amended, reported — Do Pass.
February 2, 1998, read second time, ordered engrossed. Engrossed.
February 3, 1998, read third time, passed. Yeas 70, nays 29.

SENATE ACTION

February 9, 1998, read first time and referred to Committee on Education.
February 19, 1998, amended, reported favorably — Do Pass.

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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.

HOUSE ENROLLED ACT No. 1109

AN ACT to amend the Indiana Code concerning education and finance.

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

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

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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 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



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proceeds.

(d) The bonds may be issued in the denominations **and** with the 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 3. 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

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payment of the bonds and the interest on the bonds.

(c) The bonds may be issued for an amount or amounts as the 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 4. 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



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University board of trustees, the Indiana State University board of trustees, the board of trustees for Vincennes University, or the 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.

SECTION 5. IC 20-12-14.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:

Chapter 14.6. Indiana School for the Arts

Sec. 1. Beginning in the 1998-1999 school year, Indiana University may establish the Indiana School for the Arts under IC 20-12-14.



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Sec. 2. The school shall operate:

- (1) a public, residential school for high school students in Indiana; and**
- (2) a program for public and nonpublic school educators.**

Sec. 3. A student who applies for admission to the school must:

- (1) be eligible to attend a public school in Indiana;**
- (2) demonstrate exceptional ability;**
- (3) demonstrate a commitment to scholarship; and**
- (4) demonstrate a commitment to the arts.**

Sec. 4. The school shall:

- (1) establish an advisory committee that represents the education and the arts communities in Indiana;**
- (2) determine the standards for admissions and the curricula and courses of study to be offered;**
- (3) develop curriculum material for distribution and use throughout the public school system;**
- (4) develop programs to encourage interaction with public and nonpublic school educators;**
- (5) make curriculum material available to students in public schools throughout Indiana by the use of telecommunications technology; and**
- (6) establish cooperative arrangements with private and public entities in order to effectively operate the school.**

SECTION 6. An emergency is declared for this act.

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