

IC 5-1.4-5

Chapter 5. Reserve Fund

IC 5-1.4-5-1

Establishment and maintenance of reserve fund; application of funds; required debt service reserve; excess money

Sec. 1. (a) The board may establish and maintain a reserve fund for each issue of bonds or notes in which there shall be deposited or transferred:

- (1) all proceeds of bonds or notes required to be deposited in the fund by terms of a contract between the bank and its holders or a resolution of the bank with respect to the proceeds of bonds or notes;
- (2) all other money appropriated to the reserve fund; and
- (3) any other money or funds of the bank that it decides to deposit in the fund.

(b) Subject to subsection (c) and section 4(b) of this chapter, money in any reserve fund shall be held and applied solely to the payment of the interest on and principal of bonds or notes of the bank as the interest and principal become due and payable and for the retirement of bonds or notes. The money may not be withdrawn if a withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds or notes and the principal of bonds or notes then maturing and payable, whether by reason of maturity or mandatory redemption, for which payments other money of the bank is not then available. As used in this subsection, "required debt service reserve" means, as of the date of computation, the amount required to be on deposit in the reserve fund as provided by resolution or trust agreement of the bank. As used in this subsection, "interest" includes any payments so designated in any contract or agreement between the bank and, or for the benefit of, any holder.

(c) Money in any reserve fund in excess of the required debt service reserve as defined in subsection (b), whether by reason of investment or otherwise, may be withdrawn at any time by the bank and transferred to another fund or account of the bank, subject to the provisions of any agreement with the holders of any bonds or notes. *As added by P.L. 42-1985, SEC.1. Amended by P.L. 29-1986, SEC.14.*

IC 5-1.4-5-2

Investment of funds

Sec. 2. Money in any reserve fund may be invested in the manner provided by IC 5-1.4-3-3.

As added by P.L. 42-1985, SEC.1. Amended by P.L. 29-1986, SEC.15.

IC 5-1.4-5-3

Valuation of investments

Sec. 3. For purposes of valuation, investments in the reserve fund shall be valued at par or, if purchased at less than par, at cost unless

otherwise provided by resolution or trust agreement of the bank. Valuation on a particular date shall include the amount of interest then earned or accrued to that date on the money or investments in the reserve fund.

As added by P.L.42-1985, SEC.1.

IC 5-1.4-5-4

Required debt service reserve; appropriation to assure maintenance; application of funds; excess money

Sec. 4. (a) In order to assure the maintenance of the required debt service reserve in any reserve fund, the legislative body of the city may annually appropriate to the bank for deposit in one (1) or more of the funds the sum, certified by the chairman of the board to the legislative body, that is necessary to restore one (1) or more of the funds to an amount equal to the required debt service reserve. The chairman annually, before December 1, shall make and deliver to the legislative body a certificate stating the sum required to restore the funds to that amount. Nothing in this subsection creates a debt or liability of the city to make any appropriation.

(b) All amounts received on account of money appropriated by the legislative body of the city to any reserve fund shall be held and applied in accordance with section 1(b) of this chapter. However, at the end of each fiscal year, if the amount in any reserve fund exceeds the required debt service reserve, any amount representing earnings or income received on account of any money appropriated to the reserve fund that exceeds the expenses of the bank for that fiscal year may be transferred to the general fund of the city.

As added by P.L.42-1985, SEC.1. Amended by P.L.29-1986, SEC.16.

IC 5-1.4-5-5

Combining reserve funds

Sec. 5. Subject to the provisions of any agreement with its holders, the bank may combine the reserve fund established for each issue of bonds or notes into one (1) or more reserve funds.

As added by P.L.42-1985, SEC.1. Amended by P.L.29-1986, SEC.17.