

IC 5-1.5-4

Chapter 4. Issuance of Obligations

IC 5-1.5-4-1

Purposes; bonds to be general obligations of bank payable out of revenues or funds of bank; limitation on amount outstanding; exception to limitation

Sec. 1. (a) The bank may issue its bonds or notes in principal amounts that it considers necessary to provide funds for any purposes under this article, including:

- (1) the purchase or acquisition of securities;
- (2) the making of loans to or agreements with qualified entities through the purchase of securities;
- (3) the payment, funding, or refunding of the principal of, or interest or redemption premiums on, bonds or notes issued by it whether the bonds or notes or interest to be paid, funded, or refunded have or have not become due;
- (4) the establishment or increase of reserves to secure or to pay bonds or notes or interest on bonds or notes and all other costs or expenses of the bank incident to and necessary or convenient to carry out its corporate purposes and powers; and
- (5) the acquisition of school buses to be leased or sold to school corporations (as defined in IC 36-1-2-17).

(b) Except as otherwise provided in this article or by the board, every issue of bonds or notes shall be general obligations of the bank payable out of the revenues or funds of the bank, subject only to agreements with the holders of a particular series of bonds or notes pledging a particular revenue or fund. Bonds or notes may be additionally secured by a pledge of a grant or contributions from the United States, a qualified entity, or a person or a pledge of income or revenues, funds, or money of the bank from any source.

(c) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except:

- (1) bonds or notes issued to fund or refund bonds or notes; and
- (2) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under IC 20-49-4;

may not exceed one billion dollars (\$1,000,000,000) for qualified entities described in IC 5-1.5-1-8(1) through IC 5-1.5-1-8(4), IC 5-1.5-1-8(8) through IC 5-1.5-1-8(11), and IC 5-1.5-1-8(14).

(d) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except bonds or notes issued to fund or refund bonds or notes, may not exceed two hundred million dollars (\$200,000,000) for qualified entities described in IC 5-1.5-1-8(5) through IC 5-1.5-1-8(6).

(e) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except bonds or notes issued to fund or refund bonds or notes, may not exceed thirty million dollars (\$30,000,000) for qualified entities described in IC 5-1.5-1-8(7).

(f) The limitations contained in subsections (c), (d), and (e) do not

apply to bonds, notes, or other obligations of the bank if:

- (1) the bonds, notes, or other obligations are not secured by a reserve fund under IC 5-1.5-5; or
- (2) funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.12; P.L.30-1986, SEC.2; P.L.46-1987, SEC.10; P.L.37-1991, SEC.2; P.L.29-1992, SEC.2; P.L.28-1992, SEC.2; P.L.1-1993, SEC.22; P.L.132-1999, SEC.2; P.L.192-2006, SEC.1; P.L.2-2006, SEC.10; P.L.1-2007, SEC.21; P.L.232-2007, SEC.2.

IC 5-1.5-4-2

Nature of bond or note; state pledge and agreement

Sec. 2. (a) A bond or note of the bank:

- (1) is not a debt, liability, loan of the credit, or pledge of the faith and credit of the state or of any qualified entity;
- (2) is payable solely from the money pledged or available for its payment under this article, unless funded or refunded by bonds or notes of the bank; and
- (3) must contain on its face a statement that the bank is obligated to pay principal and interest, and redemption premiums if any, and that the faith, credit, and taxing power of the state are not pledged to the payment of the bond or note.

(b) The state pledges to and agrees with the holders of the bonds or notes issued under this article that the state will not:

- (1) limit or restrict the rights vested in the bank to fulfill the terms of any agreement made with the holders of its bonds or notes; or
- (2) in any way impair the rights or remedies of the holders of the bonds or notes;

until the bonds or notes, together with the interest on the bonds or notes, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met, paid, and discharged.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.13; P.L.46-1987, SEC.11.

IC 5-1.5-4-3

Negotiability of bonds and notes

Sec. 3. The bonds and notes of the bank are negotiable instruments for all purposes of the Uniform Commercial Code, IC 26-1, subject only to the provisions of the bonds and notes for registration.

As added by P.L.25-1984, SEC.1.

IC 5-1.5-4-4

Issuance; resolution; consent, proceedings, or conditions; rates of

interest; redemption; prior approval

Sec. 4. (a) Bonds or notes of the bank must be authorized by resolution of the board, may be issued in one (1) or more series, and must:

- (1) bear the date;
- (2) mature at the time or times;
- (3) be in the denomination;
- (4) be in the form;
- (5) carry the conversion or registration privileges;
- (6) have the rank or priority;
- (7) be executed in the manner;
- (8) be payable from the sources in the medium of payment at the place inside or outside the state; and
- (9) be subject to the terms of redemption;

as the resolution of the board or the trust agreement securing the bonds or notes provides.

(b) Except as provided in subsection (e), bonds or notes may be issued under this article without obtaining the consent of any agency of the state and without any other proceeding or condition other than the proceedings or conditions specified in this article.

(c) The rate or rates of interest on the bonds or notes may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution authorizing the issuance of the bonds or notes. Bonds or notes bearing a variable rate of interest may be converted to bonds or notes bearing a fixed rate or rates of interest, and bonds or notes bearing a fixed rate or rates of interest may be converted to bonds or notes bearing a variable rate of interest, to the extent and in the manner set forth in the resolution pursuant to which the bonds or notes are issued. The interest on bonds or notes may be payable semiannually or annually or at any other interval or intervals as may be provided in the resolution, or the interest may be compounded and paid at maturity or at any other times as may be specified in the resolution.

(d) The bonds or notes may be made subject, at the option of the holders, to mandatory redemption by the bank at the times and under the circumstances set forth in the authorizing resolution.

(e) The bank may not issue bonds for qualified entities described in IC 5-1.5-1-8(5) through IC 5-1.5-1-8(7) or IC 5-1.5-1-8(11) that are subject to the volume cap (as defined in IC 4-4-11.5-14) without obtaining the prior approval of the Indiana finance authority.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.14; P.L.46-1987, SEC.12; P.L.37-1991, SEC.3; P.L.10-1996, SEC.16; P.L.132-1999, SEC.3; P.L.235-2005, SEC.76.

IC 5-1.5-4-5

Resolution authorizing issuance; adoption; publication of notice; action to set aside resolution

Sec. 5. (a) Upon the adoption of a resolution authorizing the issuance of bonds or notes, the bank may publish notice of the adoption once each week for two (2) weeks in two (2) newspapers

published and of general circulation in the city of Indianapolis.

(b) If notice is published as provided in subsection (a), any action or proceeding in any court to set aside the resolution authorizing the issuance of bonds or notes of the bank under this article or to obtain any relief upon the ground that the resolution is invalid must be filed within thirty (30) days following the first publication of notice of the adoption of the resolution. After the expiration of this thirty (30) day period, no right of action shall be asserted nor shall the validity of the resolution or any of its provisions be open to question in any court or agency upon any grounds whatsoever.

As added by P.L.25-1984, SEC.1.

IC 5-1.5-4-6

Public or private sale; notice

Sec. 6. Bonds or notes of the bank may be sold at public or private sale at the price the board determines. If bonds or notes of the bank are to be sold at public sale, the bank shall follow the provisions of IC 5-1-11 and shall publish notice of the sale in accordance with IC 5-3-1-2 in two (2) newspapers published and of general circulation in the city of Indianapolis.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.15.

IC 5-1.5-4-7

Issuance of notes; payment of principal or interest thereon; funding or refunding

Sec. 7. The bank may from time to time issue its notes under this article and pay and retire the principal of the notes or pay the interest due thereon or fund or refund the notes from proceeds of bonds or of other notes, or from other funds or money of the bank available for that purpose in accordance with a contract between the bank and the holders of the notes.

As added by P.L.25-1984, SEC.1.

IC 5-1.5-4-8

Trust agreement or resolution; provisions; expenses

Sec. 8. (a) In the discretion of the board, any bonds or notes issued under this chapter may be secured by a trust agreement by and between the board and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside the state.

(b) The trust agreement or the resolution providing for the issuance of the bonds or notes may contain provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as may be reasonable and proper and not in violation of law.

(c) The trust agreement or resolution may set forth the rights and remedies of the holders of any bonds or notes and of the trustee and may restrict the individual right of action by the holders.

(d) In addition to the provisions of subsections (a), (b), and (c), any trust agreement or resolution may contain such other provisions

as the board may deem reasonable and proper for the security of the holders of any bonds or notes.

(e) All expenses incurred in carrying out the provisions of the trust agreement or resolution may be paid from revenues or assets pledged or assigned to the payment of the principal of and the interest on bonds and notes or from any other funds available to the board.

As added by P.L.25-1984, SEC.1.

IC 5-1.5-4-9

Purchase of bonds or notes of bank; disposition; bonds or notes held considered held for resale or transfer

Sec. 9. The bank may purchase bonds or notes of the bank out of its funds or money available for the purchase of its own bonds and notes. The bank may hold, cancel, or resell the bonds or notes subject to, and in accordance with, agreements with holders of its bonds or notes. Unless cancelled, bonds or notes so held shall be deemed to be held for resale or transfer and the obligation evidenced by the bonds or notes shall not be deemed to be extinguished.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.16.

IC 5-1.5-4-10

Purchase of securities; documentation

Sec. 10. Subject to IC 5-1.5-8-2, all securities purchased, held, or owned by the bank, upon delivery to the bank, must be accompanied by all documentation required by the board.

As added by P.L.25-1984, SEC.1. Amended by P.L.43-1985, SEC.17.