

IC 8-24-14

Chapter 14. Bonds

IC 8-24-14-1

Service board bonding; requirements; repayment; terms

Sec. 1. (a) A service board may contract with the Indiana finance authority (IC 4-4-11) to borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the service division's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person.

(b) The indebtedness is payable solely from:

- (1) the lease rentals from the lease of the projects for which the bonds were issued, insurance proceeds, and any other funds pledged or available; and
- (2) to the extent designated in the agreements for the bonds, revenue received by the service board and amounts deposited in a service division's fund.

(c) The indebtedness must be authorized by a resolution of the service board.

(d) The terms and form of the indebtedness must either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The indebtedness must be paid within twenty-five (25) years.

(f) All money received from any indebtedness under this article shall be applied solely to the payment of the cost of acquiring, constructing, improving, reconstructing, or renovating one (1) or more projects, or the cost of refunding or refinancing outstanding bonds, for which the indebtedness was incurred. The cost may include:

- (1) planning and development of equipment or a facility and all buildings, facilities, structures, equipment, and improvements related to the facility;
- (2) acquisition of a site and clearing and preparing the site for construction;
- (3) equipment, facilities, structures, and improvements that are necessary or desirable to make the project suitable for use and operations;
- (4) architectural, engineering, consultant, and attorney's fees;
- (5) incidental expenses in connection with the issuance and sale of bonds;
- (6) reserves for principal and interest;
- (7) interest during construction;
- (8) financial advisory fees;
- (9) insurance during construction;
- (10) bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and
- (11) funding or refunding bonds or other evidences of indebtedness issued under this article, IC 8-5-15, IC 8-9.5-7, IC 8-22-3, IC 36-7.5, IC 36-7.6, IC 36-9-3, IC 36-9-4, or prior law to finance a public transportation system, including

payment of the principal of, redemption premiums (if any) for, and interest on the bonds being refunded or refinanced.
As added by P.L.182-2009(ss), SEC.282.

IC 8-24-14-2

Applicable bonding authority

Sec. 2. This article contains full and complete authority for the issuance of bonds. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by a service division board or any other officer, department, agency, or instrumentality of the state or of any political subdivision is required to issue any bonds, except as prescribed in this article.

As added by P.L.182-2009(ss), SEC.282.

IC 8-24-14-3

Trust indenture between Indiana finance authority and service division; terms

Sec. 3. (a) The Indiana finance authority may secure bonds issued under this article by a trust indenture between the service division and a corporate trustee, which may be any trust company or national or state bank in Indiana that has trust powers.

(b) The trust indenture may:

- (1) pledge or assign revenue received by the service division, amounts deposited in a service division fund, and lease rentals, receipts, and income from leased projects, but may not mortgage land or projects;
- (2) contain reasonable and proper provisions for protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the service division and the service board;
- (3) set forth the rights and remedies of bondholders and trustees; and
- (4) restrict the individual right of action of bondholders.

(c) Any pledge or assignment made by the service division under this section is valid and binding in accordance with IC 5-1-14-4 from the time that the pledge or assignment is made, against all persons whether they have notice of the lien. Any trust indenture by which a pledge is created or an assignment made need not be filed or recorded. The lien is perfected against third parties in accordance with IC 5-1-14-4.

As added by P.L.182-2009(ss), SEC.282.

IC 8-24-14-4

Investment in bonds

Sec. 4. Bonds issued under this article are legal investments for private trust funds and the funds of banks, trust companies, insurance companies, building and loan associations, credit unions, savings banks, private banks, loan and trust and safe deposit companies, rural loan and savings associations, guaranty loan and savings associations, mortgage guaranty companies, small loan companies,

industrial loan and investment companies, and other financial institutions organized under Indiana law.
As added by P.L.182-2009(ss), SEC.282.

IC 8-24-14-5

Actions to contest validity of bonds

Sec. 5. An action to contest the validity of bonds to be issued under this article may not be brought after the time limitations set forth in IC 5-1-14-13.

As added by P.L.182-2009(ss), SEC.282.

IC 8-24-14-6

Covenants

Sec. 6. The general assembly covenants that it will not:

- (1) repeal or amend this article in a manner that would adversely affect owners of outstanding bonds, or the payment of lease rentals, secured by the amounts pledged under this article; or
- (2) in any way impair the rights of owners of bonds of a district, or the owners of bonds secured by lease rentals or by a pledge of revenues under this article.

As added by P.L.182-2009(ss), SEC.282.