

IC 16-22-6

Chapter 6. County Hospital Building Authorities

IC 16-22-6-1

Authority defined

Sec. 1. As used in this chapter, "authority" means the hospital association created by section 2 of this chapter.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-2

Resolution for creation of authority; name; purpose

Sec. 2. The county executive of a county owning and operating only one (1) county hospital may, upon written request by the governing board of the hospital, adopt a resolution for the creation of an authority under this chapter. Upon the adoption of the resolution an authority is created which shall be a body corporate and politic known as the "_____ County Hospital Association". The name includes the name of the county. The authority is created for the purpose of financing, acquiring, constructing, renovating, equipping, and leasing to the county land and a building, including an existing building, for hospital purposes. The county auditor shall file a certified copy of the resolution with the clerk of the circuit court of the county in which the authority is created.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-3

Appointment of directors; terms

Sec. 3. (a) Not more than sixty (60) days after the filing of the certified copy of the resolution described under section 2 of this chapter, the county executive shall appoint five (5) residents of the county as directors of the county hospital building authority.

(b) The initial terms of the members of the governing board as follows:

- (1) One (1) member shall be appointed for a term of one (1) year.
- (2) One (1) member for a term of two (2) years.
- (3) One (1) member for a term of three (3) years.
- (4) Two (2) members for terms of four (4) years.

(c) At the expiration of the respective terms of the members of the governing board the county executive shall appoint successors for four (4) year terms. Each member serves until a successor is appointed and qualified.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-4

Vacancies

Sec. 4. If a member dies, resigns, ceases to be a resident of the county, or is removed as provided in this chapter, the county executive shall appoint another person as a member of the governing board for the remainder of the term. If a person appointed as a

member fails to qualify not more than ten (10) days after the mailing of notice of appointment, the county executive shall appoint another person as member.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-5

Director's oath of office

Sec. 5. Each member, before entering office, shall take and subscribe an oath of office to be endorsed upon the certificate of appointment. The oath shall be filed with the clerk of the circuit court.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-6

Removal of director from office

Sec. 6. (a) A member may be removed from office for neglect of duty, incompetency, inability to perform duties, or other good cause by an order of the circuit court in the county in which the authority is located, subject to the procedure set forth in subsection (b).

(b) A complaint may be filed by any person against the director setting forth the charges preferred. The cause shall be placed on the advanced calendar and is tried as other civil causes are tried by the court without the intervention of a jury. If the charges are sustained, the court shall declare the office vacant. A change of venue from the judge shall be granted upon motion, but no change of venue from the county may be taken.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-7

Selection of officers; meetings; quorum

Sec. 7. (a) The members originally appointed shall hold an organizational meeting not more than thirty (30) days after appointment, at a time and place designated by the county executive. The members of the governing board shall elect from among the members a president, vice president, secretary, and treasurer. The officers serve until the expiration of the first term to expire and the members shall meet annually to reorganize and elect officers not more than thirty (30) days after the appointment of each successor member for a full term.

(b) Other regular and special meetings shall be held at the times and upon the notice that the members determine, by resolution or in accordance with the bylaws, rules, and regulations adopted.

(c) A majority of the members constitutes a quorum and the concurrence of a majority is necessary to authorize any action.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-8

Bylaws, rules, and regulations

Sec. 8. The members may adopt bylaws, rules, and regulations necessary to conduct proceedings, carry out duties, and safeguard the

funds and property of the authority.
As added by P.L.2-1993, SEC.5.

IC 16-22-6-9

Compensation and reimbursement

Sec. 9. A member serves without pay but is entitled to reimbursement for expenses necessarily incurred in the performance of the member's duties.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-10

Conflicts of interest

Sec. 10. A member may not have a pecuniary interest in a contract, an employment, a purchase, or a sale made under the provisions of this chapter. A transaction in which a director has a pecuniary interest is void.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-11

Preliminary expenses

Sec. 11. (a) All necessary preliminary expenses actually incurred by the governing board to make surveys, prepare estimates of costs and receipts, employ architects, engineers, attorneys, or other consultants, give notices, take options, and all other expenses that must be paid before the issue and delivery of bonds under this chapter may be paid by the county from funds on hand or derived from taxes levied that may be appropriated for that purpose or by the governing board of the hospital from revenues available for that purpose.

(b) The county or the governing board of the hospital shall be reimbursed for the preliminary expenses described under subsection (a) by the governing board of the authority out of the first proceeds of the sale of bonds by the authority provided for in this chapter and before any other disbursements are made.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-12

Powers of governing board

Sec. 12. The governing board of the authority may do the following:

- (1) Finance and construct or renovate a building for hospital use on land owned by the authority and lease the land and building to the county in which the authority has been created.
- (2) Sue and be sued and plead and be impleaded. However, an action against the authority shall be brought in a circuit or superior court of the county in which the authority is located.
- (3) Condemn, appropriate, purchase, and hold real property useful in connection with a building constructed or renovated under this chapter.
- (4) Acquire by gift, devise, or bequest real property and

personal property, and hold, use, expend, or dispose of real and personal property for the purposes authorized by this chapter.

(5) Enter upon lots or lands to survey or examine the lots or lands and determine the location of a building.

(6) Design, order, contract for, and construct or renovate a building and make all necessary or desirable improvements to the grounds and premises that the board may acquire.

(7) Enter into a lease with the county and collect rentals payable under the lease.

(8) Make and enter into the contracts and agreements necessary or incidental to the performance of the board's duties and the execution of the board's powers under this chapter.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-13

Leases

Sec. 13. Each county may lease land and a building from the authority for hospital purposes. A contract of lease on a particular building may not be entered into for more than forty (40) years but the contract may be renewed for a like or lesser time.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-14

Anticipatory lease

Sec. 14. A county may, in anticipation of the construction, erection, or renovation of a building, including the necessary equipment and appurtenances, enter into a contract of lease with the authority before the acquisition of a site and the construction, erection, or renovation of the building. Rental payments under a contract of lease may not commence until construction is completed and the building is ready for occupancy. However, if a building is acquired and renovated, a county may, in anticipation of the acquisition and renovation, make and enter into a contract of lease upon terms and conditions agreed upon by the county and the authority, including terms and conditions permitting the county to continue to operate the building until completion of the renovation and the payment of a lease rental by the lessee during the period of renovation.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-15

Payment of lease rental; sources

Sec. 15. A lease executed under this chapter may provide for the payment of the lease rental in one (1) of the following ways:

(1) Entirely from the levy of taxes.

(2) Entirely from the net revenues of the hospital of which the leased building or buildings are a part.

(3) In part from the levy of taxes and in part from the net revenues as fixed and set forth in the lease.

(4) From a cumulative building fund established by the lessee

under any of the following:

(A) IC 16-12-16 (before its repeal on July 1, 1993).

(B) IC 16-12.1-4-4 (before its repeal on July 1, 1993).

(C) IC 16-22-5.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-16

Payment of lease rentals from hospital net revenues; reserve fund

Sec. 16. (a) If a lease provides for the payment of lease rental in whole or in part from net revenues of the hospital, the lease may provide that the county and the governing board of the hospital establish a reserve fund for net revenues in excess of the amount required to pay lease rental payable from net revenues. The reserve fund:

(1) may not exceed an amount equal to the amount of lease rental payable from net revenues for two (2) years;

(2) shall be held and used only for the purpose of paying lease rental payable from net revenues if the net revenues at any time are insufficient for that purpose; and

(3) may be invested as provided in the lease and all interest or other income from investment becomes part of the reserve fund.

(b) If the fund contains the maximum amount and a part of the lease rental is payable from taxes, the interest or other income shall be transferred to the fund described in section 32 of this chapter to be used for the payment of the lease rental provided to be paid from taxes. If none of the rental is payable from taxes, the interest or other income becomes a part of the reserve fund.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-17

Payment of lease rentals from a cumulative building fund

Sec. 17. (a) If a lease provides for the payment of lease rentals for a cumulative building fund, part or all of the cumulative building fund and the tax levied for the cumulative building fund may be committed and pledged to the payment of lease rental. To the extent the amount is insufficient to pay the lease rental, the lease must provide that the remaining lease rental be paid entirely from the net revenues of the hospital. As long as the lease remains in effect:

(1) the amount of the cumulative building fund committed and pledged may not be expended by the lessee for any other purpose; and

(2) the tax levy for that cumulative building fund may not be reduced or rescinded by the county council.

(b) If a lease provides for payment of lease rental as provided in this section, the approval of the county fiscal body is not required for the lease or the sale of land by the county to the authority under section 16 of this chapter.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-18

Hearing on terms of proposed lease; notice

Sec. 18. When the authority, the governing board of the hospital, the county executive, and a majority of the county fiscal body of the county have agreed upon the terms and conditions of a lease proposed to be entered into under the terms and conditions of this chapter and before the final execution of the lease, the county auditor shall publish notice of a public hearing to be held in the county by the county executive not less than ten (10) days after the publication of the notice. The notice of the hearing shall be published one (1) time in a newspaper of general circulation printed in the English language and published in the county. The notice must name the day, place, and hour of the hearing and must set forth a brief summary of the principal terms of the lease, including a description of the property to be leased, the lease rental, the term of the lease, and where the proposed lease, drawings, plans, specifications, and estimates may be examined. The proposed lease and the drawings, plans, specifications, and estimates of construction cost for the building shall be open to inspection by the public during the ten (10) day notice period and at the meeting. All persons have a right to be heard at the meeting on the necessity for the lease and whether the lease rental is fair and reasonable. The hearing may be adjourned to a later date or dates and to a place fixed before the adjournment.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-19**Authorization and execution of lease**

Sec. 19. Following the hearing the county executive may authorize the execution of the lease originally agreed on or make modifications agreed on with the authority, the governing board, and the county fiscal body. The authorization must be by an order entered in the official records of the county executive. The lease shall be executed:

- (1) on behalf of the county by at least a majority of the members of the county executive; and
- (2) on behalf of the authority by the president or vice president and secretary of the governing board of the authority.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-20**Notice of execution of authorized lease; taxpayer objections**

Sec. 20. (a) If the execution of the original or a modified lease is authorized, notice of the signing shall be published on behalf of the county one (1) time in a newspaper of general circulation and published in the county. Except as provided in subsection (b), at least ten (10) taxpayers in the county whose tax rate will be affected by the proposed lease may file a petition with the county auditor not more than thirty (30) days after publication of notice of the execution of the lease. The petition must set forth the objections to the lease and facts showing that the execution of the lease is unnecessary or unwise or that the lease rental is not fair and reasonable.

(b) The authority for taxpayers to object to a proposed lease described in subsection (a) does not apply if the authority complies with the procedures for the issuance of bonds and other evidences of indebtedness described in IC 6-1.1-20.

As added by P.L.2-1993, SEC.5. Amended by P.L.35-1997, SEC.11; P.L.146-2008, SEC.434.

IC 16-22-6-21

Submission of objections to department of local government finance

Sec. 21. On the filing of the petition the county auditor shall immediately certify a copy, together with other data necessary to present the questions involved, to the department of local government finance.

As added by P.L.2-1993, SEC.5. Amended by P.L.90-2002, SEC.388.

IC 16-22-6-22

Hearing by department of local government finance; notice

Sec. 22. On receipt of the certified petition and information, the department of local government finance shall fix a time and place in the county for the hearing that shall be not less than five (5) or more than fifteen (15) days after receipt. Notice of the hearing shall be given by the department of local government finance to the county executive and to the first ten (10) taxpayer petitioners by certified mail sent to the addresses listed on the petition at least five (5) days before the hearing date.

As added by P.L.2-1993, SEC.5. Amended by P.L.90-2002, SEC.389.

IC 16-22-6-23

Time for bringing action to contest or enjoin lease

Sec. 23. An action to contest the validity of the lease or to enjoin the performance of the terms and conditions of the lease may not be instituted more than thirty (30) days after publication of notice of the execution of the lease or, if an appeal is taken to the department of local government finance, not more than thirty (30) days after the decision of the board.

As added by P.L.2-1993, SEC.5. Amended by P.L.90-2002, SEC.390.

IC 16-22-6-24

Lease options; renewal or purchase

Sec. 24. (a) A lease:

(1) may provide that the lessee has an option to renew the lease for a like or lesser term; and

(2) must contain an option to purchase at any time after ten (10) years from the execution of the lease and before the expiration of the term of the lease on a date fixed in the lease at a price equal to the amount required to enable the authority to do the following:

(A) Redeem all outstanding securities payable out of the rentals provided for in the lease and all premiums and

accrued and unpaid interest payable on that redemption.

(B) Pay all other indebtedness and obligations of the authority attributable to the acquisition, construction, renovation, and leasing of the buildings, including any cost of liquidation of the authority.

(b) The lease does not create an obligation for the county to purchase a leased building or an obligation to a creditor or bondholder of the authority.

(c) A county exercising an option to purchase may issue general obligation bonds to procure funds to purchase the building. The bonds shall be authorized, issued, and sold in accordance with the laws authorizing the issuance and sale of bonds for other county purposes.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-25

Plans and specifications; approval

Sec. 25. Before the execution of a lease the governing board of the hospital and the county executive shall approve the plans, specifications, and estimates of cost for the building, equipment, and appurtenances that the authority proposes to lease to a lessee. The plans and specifications also shall be submitted to and approved by the state department, the division of fire and building safety, and other state agencies designated by law to pass on plans and specifications for public buildings.

As added by P.L.2-1993, SEC.5. Amended by P.L.1-2006, SEC.296.

IC 16-22-6-26

Sale of county land or building to authority; procedure

Sec. 26. (a) A county desiring to erect or renovate a building on land owned or to be acquired by the county may sell land or a building, or both to the authority. Before the sale may take place, the county executive, with the approval of the county fiscal body, shall file a petition with the circuit court of the county requesting the appointment of:

(1) one (1) disinterested freeholder of the county as an appraiser; and

(2) two (2) disinterested appraisers licensed under IC 25-34.1; who are residents of Indiana to determine the fair market value of the land and buildings. One (1) of the appraisers described under subdivision (2) must reside not more than fifty (50) miles from the land. The appraisers shall fix the fair market value of the land and buildings and report not more than two (2) weeks after the date of the appraisers' appointment. The county may sell the land and buildings to the authority for an amount not less than the amount fixed as the fair market value by the appraisers. The amount shall be paid in cash upon delivery of the deed by the county to the authority.

(b) If a cumulative building fund exists at the time of the sale under IC 16-12-16 (before its repeal on July 1, 1993), IC 16-12.1-4-4 (before its repeal on July 1, 1993), or IC 16-22-5, the proceeds from

the sale shall be placed in the fund. If a cumulative building fund does not exist at the time of the sale, the proceeds from the sale shall be paid into the county hospital fund and the principal and interest shall be used for the purposes set forth in IC 16-22-5. A sale of land or buildings, or both, by a county to the authority shall be authorized by the county executive by an order entered in the official records of the county executive. The deed shall be executed on behalf of the county by the county executive.

As added by P.L.2-1993, SEC.5. Amended by P.L.113-2006, SEC.10.

IC 16-22-6-27

Contiguous counties; agreements for county without hospital to reimburse county with hospital for portion of lease rental; procedure

Sec. 27. (a) As used in this section, "contributing county" means a county without a county hospital that is contiguous to a county with a county hospital.

(b) As used in this section, "lessee county" means a county with a county hospital.

(c) A contributing county may enter into an agreement with a lessee county to reimburse the lessee county for a part of the lease rental each year that is payable by the lessee county upon compliance with this section.

(d) If the county executive of the contributing county finds that the hospital of the lessee county serves the residents of the contributing county and provides needed hospital services to such residents, the county executive may prepare a contribution agreement. Before final execution of the agreement, the auditor of the contributing county shall publish notice of a public hearing to be held in the contributing county by the county executive not less than ten (10) days after publication of the notice. The notice shall be published one (1) time in a newspaper of general circulation and published in the contributing county. The notice must name the day, place, and hour of the hearing and must set forth a summary of the provisions of agreement as to the amount to be paid each year during the term of the lease by the contributing county and where a copy of the proposed agreement may be examined. All persons interested are entitled to be heard at the time fixed on the necessity for the execution of the agreement. The hearing may be adjourned to a later date at a place fixed before adjournment.

(e) Following the hearing, if a majority of the county fiscal body of the contributing county approve the execution of the agreement, the county executive may authorize the execution of the original agreement or may make the modifications agreed upon with the county fiscal body. The authorization shall be by an order entered in the official records of the county executive. The agreement shall be executed:

- (1) on behalf of the contributing county by at least a majority of the members of the county executive; and
- (2) on behalf of the lessee county by at least a majority of the

members of the county executive.

(f) If the execution of the original or modified contribution agreement is authorized, notice of the signing shall be published on behalf of the contributing county by publication one (1) time in a newspaper of general circulation and published in the contributing county. At least ten (10) taxpayers in the contributing county whose tax rate will be affected by the proposed agreement may file a petition with the county auditor of the contributing county not more than thirty (30) days after publication of notice of the execution of the agreement. The petition must set forth the objections to the contribution agreement and facts showing that the execution of the contribution agreement is unnecessary and unwise or that the amount of contribution is excessive. On the filing of the petition, the county auditor shall immediately certify a copy together with other data necessary to present the questions involved to the department of local government finance. The department of local government finance shall fix a time and place in the county for the hearing not less than five (5) or not more than fifteen (15) days after receipt of the certified petition and information. Notice of the hearing shall be given by the department of local government finance to the county executive and to the first ten (10) taxpayer petitioners by certified mail sent to the addresses listed on the petition, at least five (5) days before the date of the hearing.

(g) An action to contest the validity of the contribution agreement or to enjoin the performance of the agreement may not be instituted later than thirty (30) days after publication of notice of the execution of the agreement or, if an appeal has been taken to the department of local government finance, not more than thirty (30) days after the decision of the board.

(h) A contribution agreement may extend for the full term of the lease or for any part and may provide for reimbursement by the contributing county to the lessee county of a part of the lease rental each year in an amount and upon terms and conditions agreed on between the contributing county and the lessee county. The contributing county shall annually levy a tax sufficient to produce each year the necessary funds sufficient to reimburse the lessee county as provided in the contribution agreement. The tax levies provided for in this section shall be reviewable by other bodies vested by law with the authority to ascertain that the levies are sufficient to raise the required payments under the contribution agreement. The annual contribution shall be paid semiannually to the lessee county before the date lease rental payments are due from the lessee county.

As added by P.L.2-1993, SEC.5. Amended by P.L.90-2002, SEC.391.

IC 16-22-6-28

Agreements between contiguous counties; rights of county citizens

Sec. 28. The citizens of a contributing county under section 27 of this chapter have the same rights and privileges in the hospital as the citizens of the county where the hospital is located.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-29

Revenue bonds; authorization; legal investments; sale

Sec. 29. (a) The governing board may issue revenue bonds of the authority to procure funds to pay the cost of a building to be built, acquired, renovated, or acquired and renovated under this chapter, and to repay advances for preliminary expenses made to the authority by the county. The bonds are payable solely from the income and revenues of the particular building financed from the proceeds of the bonds issued.

(b) The revenue bonds must be authorized by resolution of the governing board. The resolution must provide the following:

(1) The rate of interest that the bonds will pay if the rate is fixed, and the manner in which the interest rate will be determined if rates are variable.

(2) The maturity date of the bonds, which may not exceed the term of the lease of the building for which the bonds were issued.

(3) The extent and the manner that bonds bearing variable interest rates may be converted to bonds bearing a fixed rate of interest.

(4) The terms of redemption, including a provision that bonds maturing later than ten (10) years after issuance are, at the option of the authority to be exercised by the board, redeemable before maturity at the par value together with premiums.

(5) The form of the bonds, including the interest coupons to be attached, if any.

(6) The denominations of the bonds.

(7) The time and places of payment of principal and interest of the bonds, which must be at least one (1) state or national bank or trust company.

(8) That the principal and interest may be paid in any lawful medium.

(c) Subject to registration provisions, the bonds have the qualities of negotiable instruments under IC 26 and the bonds are legal investments for a private trust fund and the funds of any banks, trust companies, insurance companies, building and loan associations, credit unions, banks of discount and deposit, savings banks, loan and trust 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 the laws of the state.

(d) The bonds may be registered in the name of the owner. The bonds shall be executed by the president or vice president of the board of directors. The corporate seal of the authority shall be affixed and attested by the secretary of the board of directors, and the interest coupons attached to the bonds, if any, shall be executed by placing on the coupons the facsimile signature of the treasurer.

(e) Except as provided in subsection (f), the bonds shall be sold by the governing board at public sale under IC 5-1-11, but the notice of sale shall be published in the manner required for bonds of the county in which the authority is located. Notwithstanding IC 5-1-11-3(c), bonds bearing a variable rate of interest shall be awarded to the bidder offering the best bid in the judgment of the board.

(f) If the aggregate principal amount of bonds to be issued at any one (1) time exceeds ten million dollars (\$10,000,000), the bonds may be sold at public or private sale at a price the governing board determines. If the bonds are sold at public sale, the governing board shall follow the guidelines set forth in subsection (e). If the bonds are sold at private sale, the governing board shall, before selecting a person with whom to negotiate the sale of the bonds:

- (1) solicit and obtain written proposals from at least three (3) persons regularly engaged in the business of underwriting bonds; or
- (2) publish notice of intent to receive written proposals one (1) time in a newspaper or financial journal having general circulation in Indianapolis and a newspaper or financial journal having national circulation.

(g) The governing board shall allow each person at least fourteen (14) days from the date of solicitation or publication to formulate, prepare, and submit a proposal. The board of directors shall select the proposal that the board, in the board's sole discretion, determines to be in the best interest of the authority.

As added by P.L.2-1993, SEC.5. Amended by P.L.42-1993, SEC.14.

IC 16-22-6-30

Application of bond proceeds

Sec. 30. The proceeds of bonds issued under this chapter, after reimbursement to the county for preliminary expenses as provided in section 11 of this chapter, shall be applied to the payment of the costs of acquisition, construction, or renovation of the building for which the bonds are issued, including incidental expenses and interest before acquisition or during construction or renovation. Until the proceeds are applied as required in this section, the proceeds are subject to a lien in favor of the bondholders or trustees.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-31

Security for bonds; trust indenture

Sec. 31. (a) The governing board may secure the bonds by a trust indenture between the authority and a corporate trustee, which may be any trust company or national or state bank in Indiana having trust powers.

(b) The trust indenture may do the following:

- (1) Mortgage the land or building, or both, for which the bonds are issued.
- (2) Contain reasonable provisions for the following:

- (A) Protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the authority and board in relation to the following:
 - (i) The construction or renovation of the building and the building's insurance.
 - (ii) The custody, safeguarding, and application of all money.
 - (B) Setting forth the rights and remedies of the bondholders and trustee.
 - (C) Restricting the individual right of action of bondholders.
- (c) Except as otherwise provided in this chapter, the board of directors may determine by resolution or in the trust indenture the following:
- (1) The officer, board, or depository that shall have custody of the proceeds of the sale of the bonds.
 - (2) The method of disbursement of the proceeds, including safeguards and restrictions.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-32

Tax levy

Sec. 32. (a) The county fiscal body of a county that has entered into a lease under this chapter shall annually levy a tax sufficient to produce, with other funds available, funds sufficient to pay the lease rental provided to be paid from taxes.

(b) Net revenues of the hospital of which the leased building is a part shall, if any of the lease rental is payable from taxes, be transferred to a fund used for the payment of the lease rental to be paid from taxes unless those revenues are required:

- (1) to pay lease rental under the lease;
- (2) to be retained as a reserve for that purpose; or
- (3) by the governing board of the hospital to be kept in reserve for additional construction, equipment, betterment, maintenance, or operation.

(c) In fixing and determining the amount of the levy necessary to pay lease rental payable from taxes, the county fiscal body shall consider the amounts transferred from the net revenues of the hospital as provided in this chapter. This chapter does not relieve the county from the obligation to pay from taxes any lease rental payable from taxes if other funds are not available. The tax levies provided for in this chapter are reviewable by other bodies with authority to ascertain that the levies, with other funds available, are sufficient to meet the rental under the lease that is payable from taxes. Lease rental shall be paid semiannually to the authority following settlements of tax collections.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-33

Hospital revenues as source of lease rental payments

Sec. 33. (a) If:

(1) a county enters into a lease under this chapter, under which the lease rental is payable in whole or in part from the net revenues of the hospital of which the leased buildings are a part; and

(2) the governing board of the hospital covenants in the lease to establish and maintain rates, fees, and charges for the use of the hospital sufficient in each year to:

(A) pay the proper and reasonable expense of operation, repair, replacements, and maintenance of the hospital;

(B) pay the lease rental payable from the net revenues of the hospital; and

(C) establish the reserve fund provided for in the lease in the full amount in not less than five (5) years;

revenues collected are the revenues of the hospital. The rates, fees, and charges shall be increased as necessary to comply with this section.

(b) The authority may protect and enforce the rights granted under this chapter or under the lease and may enforce and compel performance of all duties required by this chapter or the lease to be performed by:

(1) the county executing the lease;

(2) the county executive;

(3) the governing board; or

(4) an officer of the county;

including setting and collecting reasonable and sufficient rates, fees, and charges for the use of the hospital.

(c) If there is a failure to pay lease rental payable solely from the net revenues of the hospital on the payment date, a court having jurisdiction of the action may appoint a receiver to administer the hospital on behalf of the county and the authority.

(d) The receiver may charge and collect rates sufficient to do the following:

(1) Pay the proper and reasonable expense of operation, repair, replacements, and maintenance of the hospital.

(2) Pay the lease rental payable from the net revenues of the hospital.

(3) Establish the full amount of the reserve fund provided for in the lease in not less than five (5) years.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-34

Exemption from state taxation

Sec. 34. The following are exempt from state taxation except for the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1:

(1) Property owned by the authority.

(2) Revenues of the authority.

(3) Bonds or other securities and the interest on bonds and securities issued by the authority.

(4) Proceeds received by a holder from the sale of the bonds, to

the extent of the holder's cost of acquisition.

(5) Proceeds received upon redemption at or before maturity and the interest on the proceeds.

As added by P.L.2-1993, SEC.5. Amended by P.L.254-1997(ss), SEC.23.

IC 16-22-6-35

Audit of funds; officer and employee bonds; records

Sec. 35. The state board of accounts may supervise and audit the funds of the authority. An officer or employee of the authority authorized to receive, disburse, or in any way handle funds or negotiable securities of the authority shall execute a bond payable to the state, with surety to consist of a surety or guaranty corporation qualified to do business in Indiana, in an amount determined by the board. The bond must be conditioned upon the faithful performance of the officer's or employee's duties and the accounting for all money and property that may come under the officer's or employee's control. The cost of the bonds shall be paid out of funds of the authority. The records of the authority are public records.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-36

Liquidation of authority

Sec. 36. An authority may be liquidated after the authority's securities are redeemed, debts are paid, and leases are terminated if the board of directors files a report with the judge of the circuit court showing the facts and stating that the liquidation is in the best public interest. The court shall find the facts and make an order book entry ordering the authority liquidated.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-37

Building additions; funding

Sec. 37. (a) A county or the governing board of the hospital may remodel or construct an addition to a hospital building leased under this chapter.

(b) To provide funds for that purpose, the county may issue general obligation bonds or appropriate money from the county's general fund or other funds available for that purpose if the hospital building is owned by the county. The governing board of a hospital may use funds available to the board if the hospital building is owned by the county.

(c) A contract entered into under this chapter for a public work (as defined in IC 5-16-7-4) is subject to IC 5-16-7.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-38

Agreements

Sec. 38. A county and an authority that have entered into or propose to enter into a lease under this chapter may enter into a party

wall agreement or other agreement concerning the attaching of an addition to a hospital building if the agreement is approved by the governing board of the hospital and recorded with the recorder of the county in which the hospital is located. The agreement may provide for an easement or a license to construct a part of an addition over or above the existing hospital building.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-39

Lease approval of county fiscal body

Sec. 39. For the purposes of this chapter, county executive action or approval for the appropriation and expenditure of county tax money includes approval by the county fiscal body. A lease entered into by the county executive with the hospital building authority or association is not valid or binding on the county unless the lease is approved by a majority vote of the county fiscal body.

As added by P.L.2-1993, SEC.5.

IC 16-22-6-40

Compliance with other laws

Sec. 40. In proceeding under this chapter, it is not necessary to comply with any other law except as otherwise expressly provided in this chapter.

As added by P.L.2-1993, SEC.5.