

## **IC 13-26-10**

### **Chapter 10. Bonds**

#### **IC 13-26-10-1**

##### **Issuance of revenue bonds**

Sec. 1. A district may obtain money for the payment of the costs of the works or an improvement, enlargement, or extension of the works by the issuance of revenue bonds of the district. The principal and interest of the revenue bonds must be paid solely from the net revenues of the works.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-2**

##### **Loans from federal government**

Sec. 2. A district obtaining a loan from the federal government or an agency of the federal government may issue obligations under this article to the federal government or agency to evidence the indebtedness without advertising for or receiving bids. The obligations:

- (1) are payable solely from the net revenues of the works; and
- (2) may be made of equal priority or subordinate to other revenue bonds issued or to be issued under this article or IC 13-3-2 (before its repeal).

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-3**

##### **Revenue bonds**

Sec. 3. Revenue bonds may:

- (1) bear interest, at a rate or rates not exceeding the maximum determined by the board, that is payable or accretes as determined by the board;
- (2) mature at a time or times to be determined by ordinance; and
- (3) be made redeemable before maturity at the option of the district, to be exercised by the board, at not more than the par value and a premium not exceeding five percent (5%) under terms and conditions that are fixed by the ordinance authorizing the issuance of the bonds.

*As added by P.L.1-1996, SEC.16. Amended by P.L.53-2004, SEC.2.*

#### **IC 13-26-10-4**

##### **Revenue bonds; principal and interest**

Sec. 4. The principal and interest of revenue bonds may be made payable in any lawful medium. The ordinance must do the following:

- (1) Determine the form of the bonds, including the interest coupons, if any, to be attached.
- (2) Fix the denomination or denominations of the bonds and the place or places of payment of the principal and interest, which may be any bank or trust company within or outside Indiana.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-5**

##### **Revenue bonds; terms**

Sec. 5. (a) The revenue bonds must contain a statement on the face of the bonds that the district is not obligated to pay the bonds or the interest on the bonds except from the special fund provided from the net revenues of the works.

(b) All bonds are negotiable instruments.

(c) The bonds and interest are exempt from all state, county, and municipal taxation.

(d) The bonds may be registered in the name of the owner:

(1) as to principal alone; or

(2) as to both principal and interest.

Fully registered bonds may be made convertible to coupon bonds at the option of the registered owner.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-6**

##### **Execution and attestation of bonds**

Sec. 6. The:

(1) president of the board shall execute; and

(2) secretary of the board shall attest;

the bonds and coupons. The coupons must bear facsimile signature.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-7**

##### **Revenue bonds; sale procedure**

Sec. 7. (a) Subject to subsection (b), the treasurer of the district shall sell the revenue bonds in a manner and at a price that is determined to be in the best interests of the district.

(b) If the bonds are sold at public sale, the bonds shall be sold in accordance with IC 5-1-11 as IC 5-1-11 applies to counties.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-8**

##### **Revenue bonds; disposition of proceeds**

Sec. 8. (a) A surplus of revenue bond proceeds over the cost of the works shall be paid into the sinking fund provided by this article.

(b) If the proceeds of the bonds, by error of calculation or otherwise, are less than the cost of the works, additional bonds may in the same manner be issued to provide the amount of the deficit. Unless otherwise provided in:

(1) the ordinance authorizing the issuance of the bonds first issued; or

(2) the trust indenture authorized by this article or IC 13-3-2 (before its repeal);

the additional bonds are considered to be of the same issue and are

entitled to payment from the same fund, without preference or priority of the bonds first issued.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-9**

##### **Temporary revenue bonds**

Sec. 9. Before the preparation of the definite revenue bonds, temporary revenue bonds under the same restrictions may be issued with or without coupons, exchangeable for definite revenue bonds upon the issuance of the latter.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-10**

##### **Loans from federal or state agency**

Sec. 10. The fund to finance the construction of any of the self-liquidating works authorized by this article may be obtained from a federal or state agency.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-11**

##### **Action to contest validity of bonds**

Sec. 11. An action to contest the validity of bonds issued under this article or IC 13-3-2 (before its repeal) must be brought not later than ten (10) days after the advertised sale date of the bonds.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-12**

##### **Issuance of additional bonds**

Sec. 12. Subject to an ordinance or trust indenture pertaining to outstanding bonds, additional bonds payable from the revenues of the works may be authorized and issued in accordance with this article for the purpose of improving, enlarging, or extending works acquired or constructed under this article or IC 13-3-2 (before its repeal).

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-13**

##### **Trust indenture to secure bonds**

Sec. 13. The board may secure the revenue bonds by a trust indenture by and between the district and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside Indiana. However, a trust indenture may not convey or mortgage all or any part of the works.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-14**

##### **Contents of ordinance authorizing revenue bonds**

Sec. 14. The ordinance authorizing the revenue bonds and fixing the details of the revenue bonds may provide that the trust indenture

contain reasonable and lawful provisions for protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the district and the board in relation to the following:

- (1) The construction or acquisition of the works.
- (2) The improvement, operation, repair, and maintenance of the works.
- (3) The issuance of bonds, including the custody, safeguarding, and application of all money.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-15**

##### **Ordinance authorizing revenue bonds**

Sec. 15. The ordinance may also provide that the works shall be contracted for, constructed, and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns, or nominees. The original bond purchasers, successors, assigns, or nominees may be given the right to require that the security given by:

- (1) contractors; and
- (2) any depository of the proceeds of bonds or revenues of the works or other money pertaining to the works;

be satisfactory to the purchasers, successors, assigns, or nominees.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-16**

##### **Trust indenture; rights and remedies of bondholder and trustee**

Sec. 16. The trust indenture may set forth the rights and remedies of the bondholders or trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-17**

##### **Payment of bond sale proceeds and revenue of works**

Sec. 17. Unless this article otherwise provides, the board may provide by ordinance or in the trust indenture for the payment of:

- (1) the proceeds of the sale of the bonds; and
- (2) the revenues of the works;

to the officer, board, or depository that the board determines for the custody of the money and for the method of disbursement, with safeguards and restrictions that the board determines.

*As added by P.L.1-1996, SEC.16.*

#### **IC 13-26-10-18**

##### **Sinking fund for payment of bonds**

Sec. 18. (a) At or before the time of issuance of the revenue

bonds, the board shall by ordinance create a sinking fund for the payment of the following:

- (1) The bonds.
- (2) The interest on the bonds.
- (3) The charges of banks or trust companies for making payment of the bonds or interest.

(b) The board shall set aside and pledge the net revenues of the works remaining after the payment of the reasonable expense of operation, repair, and maintenance of the works for payment of the:

- (1) principal of and interest on all bonds payable from the revenues of the works, to the extent necessary for that purpose; and
- (2) necessary fiscal agency charges for paying the principal and interest of the bonds.

(c) The ordinance may also provide for the accumulation of reasonable reserves in the sinking fund:

- (1) as a margin for safety and a protection against default; and
- (2) for the payment of premiums upon bonds retired by call or purchase as provided by this article.

*As added by P.L.1-1996, SEC.16.*

### **IC 13-26-10-19**

#### **Rights of revenue bondholders**

Sec. 19. (a) The holder of revenue bonds or attached coupons and the trustee, if any, except to the extent the rights given may be restricted by the ordinance authorizing issuance of the bonds or by the trust indenture, may, by civil action, protect and enforce rights granted:

- (1) by this article or IC 13-3-2 (before its repeal); or
- (2) under the ordinance or trust indenture;

to be performed by the district issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient charges and rates for services provided by the works.

(b) If there is failure to pay the principal or interest on any of the revenue bonds on the date named for payment, and upon application by a bondholder or a trustee, any court having jurisdiction to appoint receivers shall appoint a receiver to administer the works on behalf of the district and the bondholders or trustee. A receiver may do the following:

- (1) Charge and collect rates sufficient to provide for the payment of the expenses of operation, repair, and maintenance.
- (2) Pay any revenue bonds and interest outstanding.
- (3) Apply the revenues in conformity with this article and the ordinance or trust indenture.

*As added by P.L.1-1996, SEC.16.*